FOREIGN BROADCAST INFORMATION SERVICE

# Daily Report

# Latin America

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# Daily Report
## Latin America

*FBIS-LAT-95-025* *7 February 1995*

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## Text of Guarantor's Communique at End of Peace Talks

*PY0602120695 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2023 GMT 5 Feb 95*

[FBIS Translated Text] Rio de Janeiro, 5 Feb (AFP-NA)—The Itamaraty Palace meeting of representatives of the two belligerent nations and of the guarantor countries of the Rio de Janeiro Protocol—which managed to end a war in 1942—left on 5 February without finding an acceptable formula for Lima and Quito to end the Ecuadoran-Peruvian conflict in the Condor Mountain Range.

Brazilian Vice Foreign Minister Sebastiao do Rego Barros—who assumed the leadership of the diplomatic negotiations with very few interruptions between 31 January and 5 February—reiterated on several occasions that "it has not been a failure."

Here is the text of the communique sealing the negotiations:

"1. The guarantor countries of the 1942 Rio de Janeiro Protocol (Argentina, Brazil, Chile, and the United States) met with representatives of Ecuador and Peru between 31 January and 5 February 1995 at Itamaraty Palace in Rio de Janeiro, in compliance with the Protocol, to help the parties to overcome their crisis.

"2. The meeting followed an invitation made through a declaration by the guarantor countries in Brasilia on 30 January, summoning Ecuador and Peru."

"3. The meeting in Rio de Janeiro of the guarantor countries, with the participation of the two parties was uninterrupted. It was a concentrated effort with an absolute sense of urgency, to avoid bloodshed and to restore dialogue.

"This meeting is proof that force and the threat to use it in international relations, as established in the UN and OAS Charters, is condemnable.

"4. The guarantor countries note the importance of the presence of the countries in conflict at the Rio de Janeiro meetings. The parties worked jointly with guarantor country representatives.

"5. Within the climate of good faith that was established, and after intense negotiations based on proposals made by each party, the parties, with the help of the guarantor countries, completed the drafting of a project containing urgent measures to end the ongoing clashes and point out subsequent actions to find a lasting solution to the problem.

"The project provides for an immediate cease-fire, the separation of forces, the demobilization of troops, and a process of total demilitarization of the conflict zone.

"It also foresees talks between the parties to find solutions to the prevailing problems.

"The proposal also notes that Ecuador and Peru with satisfaction accepted the arrival of observers to assist the parties in the implementation of the cease-fire and its supervision, and may even go into the conflict zone.

"6. The draft agreement between the parties was submitted to the governments of Ecuador and Peru, whose representatives maintained permanent consultations with their capitals throughout the negotiations.

"On 5 February the Ecuadoran representative informed the guarantors that assessment of the proposal would require some time.

"7. In compliance with the terms of the Rio de Janeiro Protocol, the guarantor countries did not spare any efforts to restore peace between the two brother nations.

"The Rio de Janeiro meeting of the guarantor countries will continue its huge efforts in an active, permanent, and coordinated manner to assist the parties of the Rio de Janeiro Protocol.

"8. The guarantor countries are still convinced that, through constructive and realistic dialogue, within a climate of good faith, Ecuador and Peru may reach an agreement that respects the dignity and aspirations of peace and prosperity of the neighboring countries, today engaged in a regional integration process.

"9. The guarantor countries urged the parties to immediately suspend fighting and avoid any initiative that may be interpreted as a threat or provocation, seeking to ensure the climate of mutual confidence necessary for a dialogue between the two parties.

"The guarantor countries make a solemn appeal to the parties to definitely solve the problem, aware of the absolute urgency of avoiding further deaths and restoring peace."

During the meeting at a vice foreign minister level, do Rego Barros represented Brazil, Fernando Petrella represented Argentina, Fabio Vio represented Chile, and Alexander Watson represented the United States. Vice Foreign Minister Eduardo Ponce represented Peru and Foreign Ministry Secretary General Marcelo Fernandez de Cordoba represented Ecuador.

## Di Tella: Ecuador, Peru Acknowledge Rio Protocol

*PY0602180295 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1307 GMT 6 Feb 95*

[FBIS Translated Text] Buenos Aires, 6 Feb (NA)—Foreign Minister Guido Di Tella said today that "a very serious impasse," not a total failure, has been bogging down the peace negotiations by the Rio de Janeiro Protocol guarantor countries—of which Argentina is one—for the past 7 days. They are trying to reach an agreement that will end the Peruvian-Ecuadoran conflict.

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He added that "the irreconcilable positions" of the two countries block the possibility of a solution, although he highlighted the importance of the acknowledgement by the two governments of the Peace, Friendship, and Borders Treaty as a valid legal instrument.

Di Tella said: "There is an impasse, but I would not say there is a total failure. There is a very serious impasse in the negotiations. At the last moment a formula was not achieved between Ecuador and Peru. We did not expected that."

The foreign minister defended the joint declaration of the Argentine, Chilean, Brazilian, and U.S. deputy foreign ministers, who requested more time to reconcile positions because "this reflects the reality of the four guarantor countries."

He announced that the Ecuadoran Government representative is maintaining the harsher position, which nearly caused the failure of the negotiations.

"The Ecuadoran position for the time being is not an absolute, total no, because he has said he needs more time," Di Tella said.

Di Tella stated that Argentina's position in the negotiations, which are taking place in the Itamaraty Palace in Rio de Janeiro, "is neutral," although he said: "We are not neutral on our position between war and peace."

"On this point we are not neutral, we cannot accept rights achieved through violence," the minister emphasized.

The minister acknowledged as "irreconcilable" the positions of Peru and Ecuador, who are fighting over 70 km of the border zone in the Condor Mountains, because "they believe they have been affronted and seek compensation."

He said the Rio de Janeiro Protocol, which was signed in 1942 and which determined the current border between the two countries, meant the loss to Ecuador of 55 percent of its territory. He said it is a valid document.

"The two parties acknowledge the validity of the Rio de Janeiro Protocol—which must be interpreted and implemented, but at least it forms a basis," Di Tella said.

Referring to the Rio de Janeiro Protocol, he said: "The disagreement hides the fact that there has been an important legal advance because there is now an instrument that is acknowledged by both parties."

### Ecuadoran Embassy Releases Communique in Brasilia

*PY0602171295 Madrid EFE in Spanish 1612 GMT 6 Feb 95*

[FBIS Translated Text] Brasilia, 6 Feb (EFE)—Ecuadoran Foreign Vice Minister Marcelo Fernandez is in Brasilia awaiting the resumption of talks—which were suspended in Rio de Janeiro—seeking a cease-fire between Peru and Ecuador.

The Ecuadoran Embassy in Brasilia released a communique reiterating "in name of the Ecuadoran Government, our firm willingness to reach, through high level meetings, an immediate cease-fire and the end of any war action on the Ecuadoran-Peruvian border."

The Brazilian Foreign Ministry reported that the meeting—the start of which has yet to be established—would take place among ambassadors and not vice ministers.

### Duran-Ballen Views Conflict During Brasilia Visit

*PY0602191495 Madrid EFE in Spanish 1613 GMT 6 Feb 95*

[Article by Edgar Hernandez]

[FBIS Translated Text] Brasilia, 6 Feb (EFE)—The Ecuadoran people have a great will for peace, integration, and solidarity, but Ecuador will not give up the defense of its rights, said Ecuadoran President Sixto Duran-Ballen in Brasilia, on the first stopover of his tour to Brazil, Argentina, and Chile.

In statements to EFE, Duran-Ballen regretted the harm that the current situation is causing to Latin American integration, and urged the Peruvians to cease fire as a first step to afterwards making progress toward an understanding.

"We are a peaceful people, with great resolve for the defense of human rights and for cooperation with neighbors," said Duran-Ballen, who now seems to have a more conciliatory and less explosive tone, though with equal firmness.

Duran-Ballen met with Brazilian President Fernando Henrique Cardoso early on 6 February in Alvorada Palace for two hours, and explained to him why Ecuador did not approve the proposal presented by the guarantor countries in Rio de Janeiro.

Despite showing evident weariness as a consequence of few hours of sleep and of the hard work carried out during the past two weeks, President Duran-Ballen received EFE in the Ecuadoran ambassador's residence in Brasilia.

He insisted that the purpose of his visit is to demonstrate to the South American presidents that his intransigence is not driven by belligerent motives, and that the channels of dialogue will remain open until the two countries find an honorable solution to the problem.

In the course of a week the Ecuadoran president will have met with several South American presidents. According to Duran-Ballen's advisers, it is evident that the image projected by Peruvian President Alberto Fujimori, who carried out a self-coup in his own country in 1992, has favored the Ecuadoreans.

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Duran-Ballen's optimism over soon finding a solution to the conflict through the mediation of the guarantor countries (Argentina, Brazil, Chile, and the United States) is surprising. He admitted that he will hold talks in any forum.

Duran-Ballen believes that the harshest blow has been for Latin American integration, because he acknowledges that it will take many years for the wounds caused by this conflict to heal.

The Ecuadoran president rejected the Peruvian argument that the "failure"—a word that neither Ecuadoreans nor Peruvians accept—of the Rio de Janeiro talks should be blamed on Ecuador, and stressed that "we could also say the same."

To this second diplomatic offensive by the Ecuadoran president—the first of which was the summit of Bolivarian countries in Cumana, Venezuela—Ecuador will begin a round of negotiations in Brasilia, but at ambassadorial level.

Duran-Ballen did not reveal what Cardoso had said after listening to his explanations. Sources from the Ecuadoran delegation nonetheless indicated that although Cardoso expressed his concern over the fact that the document proposed by the guarantors had not been signed, he thanked him for his gesture of having traveled so many hours to explain his position to the Brazilian Government.

"I am very satisfied with the attitude and friendliness demonstrated by Cardoso," said Duran-Ballen, who suggested that the three presidents of the Southern Cone with whom he will meet should consult among themselves to evaluate the situation.

Asked for the reason preventing an agreement in Rio de Janeiro through the mediation of the guarantor countries, Duran-Ballen said: "I cannot give you details about Ecuador's point of view on the problem."

The Ecuadoran president denied that his country started the aggression, and reiterated that Ecuador has simply defended itself from "Peruvian aggression."

Duran-Ballen insisted that the talks should be held in two stages: "The first stage is to attain a cease-fire immediately, which I understand is what the two countries and the whole hemisphere want." The second is "to hold talks, sit at the same table with the guarantors, and reach a solution that is fair for the two countries."

Asked what had been the worst point in the failed round of talks in Rio de Janeiro, Duran-Ballen said that rather than that, "we should speak of the good will of the two countries in not harming one another, and talking calmly."

The Ecuadoran president confirmed that the talks between Ecuador and Peru and the four guarantor countries of the Rio de Janeiro Protocol—which established the border between the two countries in 1942, but was afterward declared null by the Ecuadoreans—will continue in Brasilia.

According to Brazilian diplomatic sources, the talks will be held among ambassadors, and it is yet not known when they will begin.

Duran-Ballen insisted that "the spirit of Latin American unity and faith" should be resumed, "as we promised not long ago in the Summit of the Americas; otherwise we would be hypocrites for having signed a document we did not intend to respect."

The Ecuadoran president said that if necessary he will resort to the OAS, but "if the mechanism provided by the guarantor countries works, there will be no need" to resort to the OAS.

### Peruvian Spokesman Admits Possibility of Talks in Brasilia

*PY0602233795 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2120 GMT 6 Feb 95*

[FBIS Translated Excerpt] Brasilia, 6 Feb (AFP-NA)—After the failure on 5 February of the negotiations by the guarantors of the Rio de Janeiro Protocol toward reaching an agreement putting an end to the border conflict between Peru and Ecuador, "it is possible that the negotiations will continue here," a Peruvian diplomatic spokesman admitted to AFP today.

The Peruvian Government, which had immediately accepted the proposal of the guarantor countries (Argentina, Brazil, Chile, and the United States) to create a demilitarized zone and send a mission of observers to the theater of operations, said that the talks were over, and even announced it would not go to Brasilia.

Peruvian Deputy Foreign Minister Eduardo Ponce told AFP then that his country would not go to Brasilia to negotiate because "no one has asked us to go."

The Peruvian diplomatic spokesman now says it would be possible to continue the negotiations, but that this depends on the Ecuadoran answer, which was delayed due to Ecuador's disagreement with the points of delimitation of the demilitarized zone.

In face of the permanent presence of Ecuadoran Deputy Foreign Minister Marcelo Fernandez de Cordoba in Brazil for the eventual resumption of talks, the Peruvian diplomat recalled that when the possibility of continuing the negotiations was mentioned, "it was agreed that it would be at the ambassadorial level."

The Brazilian Foreign Ministry confirmed that the search for a formula for a cease-fire at the border between of the countries in conflict will continue in the new Itamaraty building in Brasilia. No details are yet known, however, about when the talks will begin and who will participate. [passage omitted]

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### Minerals at Peru-Ecuador Border 'Do Not Justify' Conflict

*PY0702020195 Madrid EFE in Spanish 1906 GMT 6 Feb 95*

[FBIS Translated Text] Lima, 6 Feb (EFE)—The natural riches in the soil of the Condor Mountain Range—gold, uranium, and oil—apparently do not justify an armed conflict between Peru and Ecuador.

According to studies conducted some time ago by British and U.S. experts on Latin American geological riches, the Peruvian-Ecuadoran common border region has uranium, gold, and oil fields, although their magnitude is still unknown.

The rough and savage terrain, the climatic inclemency, the lack of appropriate infrastructure, and the insufficient knowledge about the region have made it impossible for Peru, as well as for Ecuador, to conduct an adequate study of the subsoil characteristics.

Reports by the Peruvian National Mining and Oil Society have confirmed that there is an open pit gold mine on the Peruvian side, at Yanacocha, near the region in conflict.

The Yanacocha mine is exploited by the U.S. "Newmont" company, which digs some 3,000 tonnes of gold per year.

The Pachicutza gold mine was discovered within the last few years, but in Ecuadoran territory. This mine is exploited by the Canadian "TVX Gold" company.

Regarding uranium, Peruvian mining area sources assert that there are unexploited uranium fields, although their number and importance are still unknown.

According to news spread in Lima, sources at the British investigative company "Centre for Global Study" warn that the presence of oil in the area has never been confirmed.

The sources added that, according to their knowledge, no Peruvian or Ecuadoran company, or company from any other country, has conducted serious oil prospecting work in the Condor Mountain Range region.

Figuring the cost of the conflict between Peru and Ecuador, Peruvian economic analysts today asserted that the undetermined riches of the region's soil "cannot and should not" justify military clashes between the two countries.

Since the beginning of the Peruvian-Ecuadoran armed conflict, several publications and reports have asserted that one of the reasons for the conflict are the geological riches of the Condor Mountain Range, which straddles the border between Peru and Ecuador.

In addition, if these alleged geological riches were exploited, it would take them many years to become profitable, and they would help the Peruvian economy very little if an open war were declared with Ecuador.

The analysts added that the latest Peruvian economic achievements would suffer a strong retrogression if the conflict worsened, because the inflation rate would go up and the country's economic growth would be equal to zero.

### Central America Urges Halt To Peru-Ecuador Clashes

*PA0702044795 Mexico City NOTIMEX in Spanish 0027 GMT 7 Feb 95*

[FBIS Translated Text] Guatemala City, 6 Feb (NOTIMEX)—The Central American governments today urged the Peruvian and Ecuadoran Governments to stop hostilities and seek a peaceful solution to their border dispute.

Salvadoran Foreign Minister Oscar Santamaria said the regional Council of Foreign Ministers, which began a two-day meeting today, called for the immediate halt of the armed clashes between Ecuador and Peru.

He said the governments of the Central American countries are following with concern the armed confrontation that involves two countries that are members of the Latin American community. They expressed the hope a negotiated solution will be found as soon as possible.

Santamaria said the confrontation between the Peruvian and Ecuadoran armies hurts Latin American integration, which is promoted by all countries of the region.

The foreign ministers of Guatemala, Honduras, Nicaragua, El Salvador, and Costa Rica and the deputy foreign minister of Panama are in Guatemala City preparing the agenda for the 16th Summit of Central American Presidents to be held in San Salvador at the end of March.

According to military sources, clashes between the troops of the two South American nations have already produced several dozen dead and wounded on both sides.

### Organization Criticizes OAS 'Slowness' in Conflict

*PA0502181895 Madrid EFE in Spanish 1625 GMT 5 Feb 95*

[By Vicente Hugo Carvajal]

[FBIS Translated Text] Caracas, 5 Feb (EFE)—The Christian Democratic Organization of America (ODCA) has harshly criticized the OAS' "slowness" in the Ecuadoran-Peruvian conflict and questioned the actions of its secretary general, Colombian Cesar Gaviria.

"The circumstances undoubtedly demand a rapid intervention of the UN Security Council and the OAS consultation body" according to Venezuelan Pedro Pablo

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Aguilar, secretary general of the ODCA, the board of directors of which is meeting in this capital.

"The OAS must abandon the field of rhetoric in which it has been moving up until now in the conflict and move on to more effective measures to end it," Aguilar has said.

The Christian Democratic leader has said the actions of the guarantor countries (Argentina, Brazil, Chile, and the United States) does not relieve the OAS of its duties to take action in a problem that is adversely affecting peace in South America.

"We do not understand the delay in convening the OAS consultation body and believe this responsibility is the one of its secretary general, Cesar Gaviria" according to Jose Rodriguez Iturbe, vice president of the Venezuelan Social Christian Party (Copei).

Rodriguez has said that during the previous armed incident between Ecuador and Peru in the Condor Mountain Range in 1981, the OAS consultation body held a meeting in Washington 48 hours after the incident itself started.

Reports from Rio de Janeiro state the group of guarantor countries of the Rio de Janeiro Protocol have not yet reached an agreement on a cease-fire acceptable to both countries involved in the conflict, Rodriguez has said. He added this situation increases the urgency of convening the OAS consultation body in order to contribute first to an effective cease-fire and second to a lasting solution to the Ecuadoran-Peruvian conflict.

"If the OAS does not take quick action, the United Nations must do so, but it would be sad for Gaviria to suffer a failure at the start of his administration, when he came to the OAS to overcome its paralysis and to make it more dynamic," Rodriguez has said.

After the Ecuadoran-Peruvian conflict began, Gaviria met with Presidents Sixto Duran-Ballen in Quito and Alberto Fujimori in Lima, but Fujimori made public his opposition to the intervention of the OAS and the United Nations in the mediation for the solution of the conflict. The ODCA president said the OAS and the United Nations have the power to act due to their reason for being despite Fujimori's opposition.

"We cannot deny that Gaviria did something, that he was in Quito and Lima, and that he accelerated the meeting of guarantor countries of the 1942 Rio de Janeiro Protocol, but it is also evident he did not convene the OAS consultation body. He still has time to do it," Rodriguez said.

"I believe the urgent thing at this time is to convene the OAS consultation body" according to Jose Luis Rodriguez, former presidential candidate for the Costa Rican Christian Democratic Party.

The Costa Rican leader has said the OAS consultation body acted efficiently on many occasions to restore peace in Central America, and there is nothing to indicate it cannot take action in the Ecuadoran-Peruvian conflict.

The presidents of Bolivia, Colombia, Panama, and Venezuela, who met until 3 February at the Bolivarian Summit in Cumana, Venezuela, called on the guarantor countries of the Rio de Janeiro Protocol to carry out extra efforts to put an end to the conflict.

As part of the efforts, they suggested the dispatching of a technical commission to the conflict area on the border between the two countries to determine the real situation prevailing in the area and to help find the proper formulas for a cease-fire.

The ODCA leaders have said this last statement by the Bolivarian presidents must be interpreted as an indication of a more dynamic action by the OAS in the conflict, an action which has not occurred up until now.

The Board of Directors of the ODCA, which comprises 32 Christian Democratic Parties of 28 American countries, is meeting in this capital to discuss the proposals they will take to the political bureau of the Christian Democratic International Organization, which will meet in Brussels, Belgium, on 8 and 10 February.

### IDB Chief on Mexico Rescue Plan

*BR0302145295 Paris LES ECHOS in French 2 Feb 95 p 2*

[Interview with Uruguay's Enrique Iglesias, president of the Interamerican Development Bank, by Daniel Bastien and Francoise Crouigneau; place and date not given: "Enrique Iglesias: You Have To Imagine an International Mechanism That Can Smooth Market Operation"]

[FBIS Translated Excerpt] [passage omitted] [LES ECHOS] What do you think of the new Mexican support package and what lessons can you learn from this crisis?

[Iglesias] This new plan looks better than the previous one since it involves the central banks to a greater degree. However, I am amazed at the way the markets have overreacted: Incredulous until Tuesday [31 January] whereas the amount of money spent and the rapidity of the international cooperation had already been spectacular, they were then reassured by the announcement of the new plan for $50 billion that was quite out of proportion to the Mexican crisis which was, remember, simply a cash flow problem. Doubtless, Mexico needed considerable room for maneuver to win back the confidence of investors, but, more importantly to my mind, the IMF announced the largest aid package it has ever given, worth $17.8 billion.

Mexico's ability to accept the terms of this is impressive when you realize that it implies a very solid and coherent economic plan. The deal was agreed on in less than a month. Now the IMF is in contact with Brazil, China,

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Argentina, Colombia, and Chile and possibly other countries besides, attempting to set up a support fund for Mexico which could exceed $1 billion. This general mobilization makes you realize how much Mexico has changed from what is was in the 1980's. Its structures have changed and become more stable thanks to deep-rooted reforms: modernization of the state, membership in NAFTA—it all goes to show the country's great ability to react. Five years ago, Mexico's exports amounted to $11 billion while now exports top $60 billion, 25 percent of which is manufactured goods. NAFTA is behind this. The crisis of confidence on the markets has made everyone forget this potential.

[LES ECHOS] Nevertheless, the support packages have resembled a scarcely reassuring cacophony. Should we not create a new kind of financial tool to respond to Mexican-style crises?

[Iglesias] This must be one of the lessons we can learn from the Mexican crisis. The markets are much more complex, informed, and volatile than they were 15 years ago. We cannot have the same kind of dialogue with them as we had with the bankers in the 1980's during the debt crisis. We are dealing here with different and more scattered investors.

[LES ECHOS] If, the minute the peso crisis broke out the U.S. Federal Reserve had given a clear sign of support to Mexico, could the crisis have been averted?

[Iglesias] Perhaps. However, there is no point looking back, we now have to look to the future. Now, Latin America has entered the era of the globalized economy. It had to. However, we do not have the means of allaying cash crises that may break out as a result of hiccups on the exchange markets or on the stock exchanges. In Europe, agreements between the central banks make it possible to intervene—not against the markets but to smooth out any excessive movements. We must learn the lessons of this. The IMF recently highlighted the fact that we need, in the international system, a mechanism for rapidly mobilizing resources using a clearing system to smooth market operation. [passage omitted]

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## Cuba

### Returning Rafters Complain of Inhumane Treatment

*FL0702031295 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 7 Feb*

[From the "NTV" newscast]

[FBIS Translated Text] This air route will be very congested from 1 to 14 February. The U.S. Southern Command will forcibly return 7,500 rafters via five flights daily. The deadline given by Panama is 6 March and Washington must implement this 5,000-man operation, which is considered a disproportionate mobilization. The pretext given to justify this deployment is that these individuals caused riots in December, causing 250 injuries plus material losses, even though the rafters confronted a professional, well-trained, well- equipped force.

There are already 21,000 rafters in Guantanamo—near Cuban and U.S. military systems—and the return of these rafters from Panama worsens the already crowded situation, as well as adding more criticism to the already heavily criticized transfer.

The returning rafters have expressed their frustration and distress at being shuttled from the Panama camps in buses with grids on the windows, and having had to board planes, carrying only small bags containing their belongings, down the center of a double column of U.S. troops, who have the right to use force. According to orders, those rafters considered dangerous are manacled during the trip, which takes place under heavy surveillance. Some rafters have compared this treatment to that received by prisoners.

### Commentary: GI's 'To Preserve U.S. Interests' in Haiti

*FL0602184095 Havana Radio Rebelde Network in Spanish 1255 GMT 6 Feb 95*

[Commentary by Eduardo Dimas; from the "Doing Radio" program]

[FBIS Translated Text] Remember the U.S. intervention in Haiti in the name of the UN? Remember the participants in the coup d'etat lead by General Raul Cedras taking a flight to forced exile in Panama and other countries? Remember the U.S. troops attempting to stop the Haitian people from taking justice into their own hands in retaliation against those who committed crimes, abuses, and tortures? That intervention, which almost no one talks about anymore, had, in my opinion, two objectives. The first: To create a precedent in international relations by returning to power a constitutional president who was overthrown—a precedent that could be applied to other third world countries if it should serve U.S. interests. The second objective: to prevent the Haitian people from destroying the repressive apparatus created by the United States, and to save the military participants in the coup d'etat, who were shaped by the United States. Naturally, the return of President Jean-Bertrand Aristide, under the protection of U.S. forces, was not successful. When a government is restored to power with the help of a foreign power, it finds itself bound to comply with certain obligations. President Aristide is not an exception.

Remember this, because 31 March, 1955, U.S. troops will complete their withdrawal from Haiti, and will be replaced by the multinational Blue Helmets. The program is based on the ongoing lack of security for these forces and the Haitian people. On 31 January, 1994, the UN Security Council approved a resolution by a margin of 14 votes in favor and one abstention—China—in which many of the problems Haiti faces were brought to light, and which the international press no longer discusses. Butrus Butrus-Ghali's report on the situation in Haiti recognizes the daily perpetration of crimes in Haiti, the increased numbers of assaults and attacks, the ineffectiveness of the newly created police force, and the inefficacy of the legal system. Recently, Aristides' justice minister unhappily presented his resignation, and said he was quitting so that one who was more adept at legal juggling, and more easily manipulated, could assume the position. This statement casts doubt on the entire Haitian legal system, and questions its effectiveness. Unhappily, the resolution adopted by the UN Security Council includes a paragraph that recognizes that the situation in Haiti continues to be very precarious, and urges the government to immediately establish an effective police corps and improve the legal system with the assistance of the UN, and the international community.

What is happening in Haiti? Just what is logical and expected. In the first place, it is obvious that Aristide's government is weak, and lacks the mechanisms and strength to succeed in establishing stability and peace in the nation. The U.S. interventionist army has not allowed them to do so. In the second place, the most important task of this interventionist army is to prevent the Haitian people from destroying the repressive apparatus, therefore, the new police force can do very little, because the power remains in the hands of those who yesterday took the power, the true allies of the Empire. The instability which Butrus-Ghali discusses in his report is, therefore, normal. The intervention pursues the objective of preserving U.S. interests, not those of the Haitian people, as the propaganda indicated. Now the consequences are being paid.

### Robaina Hands Castro's Greetings to Nepalese Leader

*FL0402015495 Havana Cuba Vision Network in Spanish 0100 GMT 3 Feb 95*

[From the "NTV" newscast]

[FBIS Translated Text] Cuban Foreign Minister Roberto Robaina met Man Mohan Akhikari, Nepalese prime

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minister and Nepalese Communist Party president, in Kathmandu on 2 February. Akhikari expressed an interest in stronger relations between the Cuban and Nepalese Governments and peoples. Diplomatic sources report that Robaina extended Cuban President Fidel Castro's greetings and personal congratulations, as well as a Cuban Government invitation to visit the island, to Akhikari. The meeting was friendly and fraternal, with both leaders expressing the hope that Cuban-Nepalese cooperation will increase. Robaina also met Nepalese Foreign Minister Madhav Kumar Nepal on Nepal's situation, international relations, and goals to achieve within the framework of international organizations and the Nonaligned Movement. Robaina expressed his interest in developing Cuban-Nepalese relations and highlighted the need to coordinate policies to strengthen the role of Nonaligned countries and to work for true democratization of the United Nations.

### Stops in Shanghai on Way to Beijing

*FL0602153295 Havana Radio Rebelde Network in Spanish 1255 GMT 6 Feb 95*

[From the "Doing Radio" program]

[FBIS Translated Text] Foreign Minister Roberto Robaina will travel from Shanghai to Beijing, China, today to officially begin the fifth and penultimate part of a tour of Asian nations. Robaina, who arrived in Shanghai the evening of 5 February, met with businessmen from the shipping industry on 6 February where he explained the process of economic renewal underway in Cuba and discussed the possibility of increasing reciprocal cooperation, according to sources at the Cuban Embassy. Robaina's tight schedule in Beijing will be directed at expanding bilateral ties between the two nations and peoples. The embassy source added that on 7 February, Robaina will meet with Qian Qichen, vice premier state council and minister of foreign affairs, and will sign a protocol on cultural, educational and scientific-technological cooperation with Minister of Culture Liu Zhongde. Robaina will remain in Beijing until 10 February when he departs for the Philippines where he will wind up his second tour of the Orient in less than one year. During his current tour Robaina visited Japan, DPRK, Thailand, and the Kingdom of Nepal. In March 1994 Robaina visited Vietnam, Laos, Cambodia, Indonesia, Malaysia, India, and the Union of Myanmar, formerly Burma.

### Meets Businessmen in Beijing

*FL0602193495 Havana Radio Rebelde Network in Spanish 1800 GMT 6 Feb 95*

[From the "National Radio News"]

[FBIS Translated Text] Foreign Minister Roberto Robaina arrived in Beijing today after a one-day visit in Shanghai, where he met with businessmen of this port city and discussed the possibilities of increasing reciprocal cooperation. News media reporting on Robaina's visit to China pointed out that his agenda in Beijing is directed at increasing bilateral ties between the two governments and peoples.

### Legislative Vice President Ends Angolan Visit

*FL0602210495 Havana Radio Rebelde Network in Spanish 1800 GMT 6 Feb 95*

[From the "National Radio News"]

[FBIS Translated Text] Jaime Crombet, National Assembly of the People's Government vice president, has concluded an official visit to Angola. He said that he is optimistic that peace will be achieved and that the African nation faces a successful future. Crombet stressed that only under peaceful conditions can Angola exploit its extensive natural resources and carry out its social development programs.

### Arrives in Namibia

*FL0702003495 Havana Radio Reloj Network in Spanish 2048 GMT 6 Feb 95*

[FBIS Translated Text] Jaime Crombet, National Assembly of the People's Government vice president, has arrived in Namibia from Angola, where he met that African country's main leaders. Crombet said that he is convinced that it is even more possible to reorganize the country following the peace accord signing in Lusaka. Crombet is also scheduled to visit Zambia and Zimbabwe, in response to invitations that he has received.

### Trade, Economic Agreement Signed With Romania

*FL0602170995 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 6 Feb 95*

[From the "NTV" newscast]

[FBIS Translated Text] Cuban Foreign Trade Minister Ricardo Cabrisas signed a trade and economic agreement with Ion Pargaru, Romanian state secretary with the trade ministry, on 5 February.

This was a first significant step to revitalize trade and economic relations between Cuba and Romania. Bilateral cooperation could extend to the electronic, communications, and nickel sectors. Pargaru stated that future relations will be advantageous for both parts.

[Begin Pargaru recording, in progress, with simultaneous translation into Spanish]....The volume of trade could surpass $100 million from that year, and hence we could soon achieve $500 million in trade. [end recording]

The Cuban delegation headed by Pargaru arrived in Cuba on 4 February to carry on preliminary studies about business with Cuba. Pargaru met interim Foreign Minister Jorge Bolanos, Minister of Basic Industry

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Marcos Portal, and Ernesto Melendez, minister of foreign investment and economic cooperation. They exchanged information on the economic situation and investment potential in Romania and Cuba.

### Foreign Trade Minister Bids Slovakian Minister Farewell

*FL0602151095 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 6 Feb 95*

[From the "NTV" newscast]

[FBIS Translated Text] Slovak Economy Minister Jan Ducky has ended a two-day visit in Havana, which was said to be short but very fruitful.

Significant cooperation agreements were signed which will revitalize economic and trade relations between Slovakia and Cuba, in the public health, medical, and culture sectors.

The tight agenda developed by the Slovak delegation in Cuba also included the basic industry, foreign investment, genetic engineering, and biotechnology sectors. The talks between both parties were open, and will start exchanges of mutual benefit.

Slovakia began as an independent country in January 1993, following the division of the former CSFR. Foreign Trade Minister Ricardo Cabrisas, (Peter Zulovsky), and other officials bade farewell to the minister and his delegation.

### Farmers Market Sales, Tax Revenue Figures Revealed

*FL0402012695 Havana Radio Reloj Network in Spanish 2034 GMT 3 Feb 95*

[FBIS Translated Text] Farmers markets participants sold 600 million pesos in goods and took in 60 million pesos in taxes during the markets' first four months in operation. Farmers markets participants sold 1.5 million quintales of vegetables and grains, as well as honey, flowers, meats, eggs, and a gamut of prepared goods. This represented 21 percent of total production during this period. Some 132 million pesos were collected at Cuba's 196 itinerant markets in January, when very little was being harvested. Participants in Havana City, Holguin, Santiago de Cuba, and Havana Province sold the most, while participants in the Isle of Youth, Cienfuegos, Pinar del Rio, and Guantanamo sold the least.

### Increased Participation in Industrial Markets Urged

*FL0302130195 Havana Radio Reloj Network in Spanish 2059 GMT 2 Feb 95*

[FBIS Translated Text] Havana's industrial market has not attracted enough participants from the various sectors since it opened in December 1994, despite the fact that 2.5 million pesos worth of goods have been sold. There is very little participation from local government and Interior Ministry enterprises or from other enterprises. The market has mostly drawn self-employed workers, in fact, 3,000 self-employed workers traded over 1 million pesos in goods. San Antonio de los Banos Municipality has recorded the greatest volume of sales. All Havana producers must be encouraged to participate to increase the quantity and variety and, above all, the quality and usefulness of the merchandise offered at the industrial market.

### ANPP Program Stresses Participation of Popular Sectors

*PA0402164395 Havana PRENSA LATINA in Spanish 1713 GMT 3 Feb 95*

[FBIS Translated Text] Havana, 3 Feb (PL)—The National Assembly of the People's Government (parliament) [ANPP] of Cuba will develop a broad program of activities in 1995 that will be based principally on increasing participation of popular sectors of society.

In addition to holding regular ANPP sessions for the final discussion and approval of draft bills, a plan of activities to which PRENSA LATINA has gained access includes a number of direct contacts by the deputies in provinces, municipalities, and work or study centers.

Such activities were initiated by meetings of the provincial and municipal assemblies in several of the territories and by debates, within the framework of the councils of administration of some areas, on topics dealing with the people's daily activities.

Based on a recent meeting of the presidents of the ANPP permanent commissions headed by ANPP Chairman Ricardo Alarcon, the main goal of this is to stress the growing participation of the people and their representatives in adopting the country's principal decisions.

This strategy will be complemented by the holding of public parliamentary audiences, which permitted open discussion of national and international topics in 1994.

These discussions featured the participation of deputies, specialists, officials, nongovernment organizations, journalists, and even guests from overseas, creating what was described as a veritable array of useful opinions to render the work of the assembly more effective.

The plans for 1995 not only include holding these kinds of activities, but also propose continuing to expand the participation of youths, workers, women, and intellectuals, including discussions on the ways they carry out their tasks to permit their growth and development.

This may mean that work or study centers will constitute primary headquarters for meetings between members and ANPP delegates.

It is not only a question of getting opinions, but of encouraging more natural bonds with the people in the democratic exercising of the people's government, Alarcon explained recently.

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### ANPP Culture, Education, Science Meetings Announced

*FL0602193595 Havana Radio Rebelde Network in Spanish 1800 GMT 6 Feb 95*

[From the "National Radio News"]

[FBIS Translated Text] The commission on education, culture, science, and technology of the National Assembly of the People's Government will hold its first 1995 meeting on 24 and 25 April, to discuss quality of education.

Deputy Irma Barreras, secretary of this permanent commission, has stated that the meeting will also address topics related to development of values in young generations. In addition, she has announced a meeting on economy and culture to take place on 18 and 19 September in Santiago de Cuba Province, and another on the role of Cuban university, to be held on 20 and 21 November in Pinar del Rio Province.

### Castro Elected Delegate to Sugarcane Workers Congress

*FL0402133195 Havana Radio Rebelde Network in Spanish 0000 GMT 4 Feb 95*

[From the "Exclusive" program]

[FBIS Translated Text] Commander in Chief Fidel Castro was elected delegate to the 19th Sugarcane Workers Congress during a preliminary meeting at the Honduras Basic Cooperative Production Unit [UBPC], in Guantanamo. UBPC members also elected Pedro Ross Leal, Politburo member and Cuban Workers Federation secretary general, and Manuel Cordero, Sugarcane Workers Union secretary general, congress delegates. Ross and Cordero attended the preliminary meeting. Cordero said that the congress will begin its provincial sessions in Guantanamo on 5 September 1995 and called for a short and efficient sugarcane harvest.

### Raul Castro Tours Las Tunas Fish Farm

*FL0302221695 Havana Cuba Vision Network in Spanish 0100 GMT 3 Feb 95*

[From the "NTV" newscast]

[FBIS Translated Excerpt] Raul Castro, army general and Revolutionary Armed Forces [FAR] minister, has toured the fish breeding facilities at Military Unit 2034, in Las Tunas. Commander of the Revolution Juan Almeida Bosque, FAR chiefs and officers, and provincial party and government officials accompanied Raul Castro on his tour of eastern army locations. Raul Castro first visited the unit during the second semester of 1994; at that time, he suggested that sites in an old quarry in the province be used as tanks to breed freshwater fish. Officers and soldiers put the idea into practice and built 10 hectares of ponds in 63 days, where they used a system based on gravity. They currently have 46 hectares of ponds, tanks, reservoirs, and microdams and an important fish breeding station. Colonel Jimenez, chief of the agricultural farm in Las Tunas, explained other aspects of the fish breeding operation:

[Begin recording] [Castro] When will you recover total investment?

[Jimenez] The investment was 480,000 pesos.

[Castro] For everything? The quarry included?

[Jimenez] For absolutely everything.

[Castro] That is very cheap. When will you recover this investment?

[Jimenez] In about four years. [end recording] [passage omitted]

Raul Castro noticed the developments at the fish farm and asked about fish harvest goals. The unit will have two harvests in 1995, one totalling 20 tonnes in May and one totalling 50 tonnes in December. The minister also greeted soldiers and civilians working on the fish farm and talked with two aquaculture specialists. [passage omitted]

Eastern Army Military Unit 2034 has achieved 19 percent self- financing and 88 percent self-sufficiency, because they also run miscellaneous crops farms. These fish farming developments suggest a wise use of resources and show the workers' dedication to guarantee the food supply of their unit, as well as that of others.

### Maximo Gomez Agroindustrial Complex Resumes Operations

*FL0302130395 Havana Radio Reloj Network in Spanish 2032 GMT 2 Feb 95*

[FBIS Translated Text] The Maximo Gomez agroindustrial complex, in Ciego de Avila Province, is one of four mills grinding sugarcane during the current cutting season. It was the last to stop grinding last season. Sugar Industry Ministry officials report that complex workers have completed huge repairs. The Maximo Gomez mill, in Chambas Municipality, can grind 480,000 arrobas of sugarcane per day and is industrially stable, however, there were serious sugarcane shortages during previous harvests. The Patrio Muerte, Orlando Gonzalez, Enrique Varona, and Maximo Gomez mills are currently in operation.

### Special Award Created in Honor of 1996 Workers Congress

*FL0302130495 Havana Radio Rebelde Network in Spanish 1800 GMT 2 Feb 95*

[From the "National Radio News"]

[FBIS Translated Text] Pedro Ross Leal reported while in Granma Province that classes on Jose Marti will be offered nationwide, similar to the classes that will be

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offered at Cuban Workers Federation [CTC] headquarters on 14 February. Ross also reported that a special award has been created in honor of the 17th CTC congress, which will take place in mid-1996. The award is meant to draw attention to principle agricultural tasks and will bear a five-point star, each point coinciding with one of the objectives for which the basic cooperative production units and farms must strive. The objectives include: meeting staffing needs, having at least one team of oxen for every two caballerias of land, identifying the task at hand, solving housing problems, and supplying your own food.

### Breakdown Repaired, Gas Outages Still Affect Havana City

*FL0302191595 Havana Cuba Vision Network in Spanish 0100 GMT 3 Feb 95*

[From the "NTV" newscast]

[FBIS Translated Text] On 2 February, after repairing a breakdown, the Marianao gas plant was working at top capacity, even though there were still gas deficits in Havana City.

[Begin recording] [Correspondent] This is the electrical substation that powers the Mario Fortuney Gas Plant. On 30 January, in the afternoon, a short circuit set high tension wires on fire after certain unexpected technical difficulties. The electrical control panel was totally destroyed by the fire. In a few hours [words indistinct-]...quality guaranteed.

[Unidentified speaker] All the equipment used was calibrated by our comrades from the National Center of Scientific Research, they're the ones that take care of that task. We have technically guaranteed that there will be no further problems of this type.

[Correspondent] Does this mean there will never be any problems again?

[Unidentified speaker] No, no, we must place a new control panel here, with similar characteristics to this one, but it must be a new control panel.

[Correspondent] Today, Havana City's gas supply suffered a deficit of 100,000 cubic meters due to the fact that two gas meters were off line, one in Melones and the other, this French model, at the Mario Fortuney Gas Plant. This prompted a tense situation, as the supply manager informed us. The so-called street gas shortage situation has worsened in the last few years due to the lack of other fuels and to the power outages. The Melones Gas Plant's outdated technology—the plant is over 100 years old—and the wear and tear suffered by the Mario Fortuney—more modern, but with a lack of spare parts—makes the government's investment in the Melones Gas Plant the final solution. This investment would allow an extra 190,000 cubic meters of gas of better quality and efficiency to be produced daily. This production would supply Havana City's 141,000 gas consumers.

### Santiago de Cuba Expects Coffee Harvest Figures To Increase

*FL0402013995 Havana Radio Reloj Network in Spanish 2032 GMT 3 Feb 95*

[FBIS Translated Text] Santiago de Cuba, which produces 50 percent of all Cuban coffee, expects to complete the current harvest with 400,000 tins more than the previous harvest. Antonio Nunez Infante, provincial president of the National Association of Small Farmers, said that this yield is the result of measures taken by the government and the Party which placed workers where they were most needed during the harvest. He added that during the final days of the harvest, there has been a shortage of containers to transport the coffee beans and that the farmers have also suffered delays in receiving payment for their labor. A total of 70 millionaires, including 11 women, lead the charge in the harvest in Santiago de Cuba, which endured certain losses due to rains in Guama and Tercer Frente Municipalities.

## Haiti

### Monde Reads Speech to Reporters in Absence of Assembly

*FL0702021695 Port-au-Prince Radio Metropole in French 1145 GMT 6 Feb 95*

[FBIS Translated Text] Saturday, 4 February, marked the end to the activities of the 45th Legislature. The National Assembly session that should have marked the end of the Legislature's work did not take place, as the required quorum was not reached. Most of the deputies had chosen to avoid the National Assembly session, so there were no official speeches or ceremony for the 45th Legislature. A group of demonstrators, however, gathered outside the Parliament on 4 February to jeer at the few deputies present in the Chamber. Deputy Frantz Robert Monde, the last Chamber president, did not have the customary opportunity to close the 45th Legislature, which he had hoped to do. He noted this to reporters during a news conference in the Parliament. He also read to the journalists an excerpt of the speech he had planned to deliver in National Assembly.

[Begin Monde recording] Honorable legislators, as vice president of the National Assembly and president of the Chamber of Deputies, I must confess to you how deeply concerned I am about the exceptional situation that is creating an institutional vacuum. This is not provided for by the Constitution, although the Constitution, in Article 60.1, does state that none of the three powers may, under any circumstances, attribute any of their powers to anyone, either totally or in part, nor may they go beyond the limits set by the Constitution and the law.

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May the Haitian people finally understand the Legislature's role as scapegoat, how politicians of all persuasions blame the deputies and senators for all the country's evils and misfortunes. May the people understand that those who are fanning the population's wrath toward established powers and state authorities are preparing and inciting a ferment of hatred and a foundation for the uprootings that have destroyed our dear Haiti, just as they have with all previous dictatorships.

Good luck to all the legislators who are going to again face the polls. Success to those who choose to do their work on other paths. Our paths must inevitably cross. The Haitian homeland, one and indivisible, needs the contributions of all its sons. May they reach their desired summits in peace, progress, and authentic democracy. [end recording]

### Government Declares 7 Feb Holiday

*FL0702002495 Port-au-Prince Radio Metropole in Creole 2100 GMT 6 Feb 95*

[FBIS Translated Text] The Smarck Michel government has declared 7 February a holiday to commemorate Haitian President Jean-Bertrand's ascendance to power. Public offices, schools, and businesses will be closed. The government wants to make it easy for all Haitian citizens to be able to participate in the various celebrations marking the day. This will be the first time that President Aristide has been able to celebrate 7 February in Haiti since the 1990 elections, when 65 percent of the Haitian population voted in his favor.

### Gunmen Kill Army Adjutant, Attack Soldier

*FL0702001195 Port-au-Prince Signal FM Radio in Creole 1230 GMT 6 Feb 95*

[FBIS Translated Text] A Haitian Army adjutant has been assassinated, the victim of poor security. Gunmen shot Adjutant Kebreou Joseph to death in Martissant 15 on the night of 3 February. Eyewitnesses to the assassination said the gunmen acted quite freely, with nothing deterring them from their actions. They shot into the air several times to scare people in the area after killing Adjutant Joseph.

[Signal FM Radio adds during the same newscast: "Individuals dressed in black and carrying heavy weapons robbed a police station near Jeremie on the night of 4 February, severely manhandling on-duty Corporal Lagneau Dominique in the process. The victim said that the lawbreakers stole everything, including military equipment. The corporal was left for dead, bound hand and foot and beaten and his uniform burned. An elderly woman saved the corporal's life, contacting Jeremie authorities once the bandits had left."]

## Turks & Caicos Islands

### Newly Elected Chief Minister Announces Cabinet

*FL0502214295 Bridgetown CANA in English 1941 GMT 5 Feb 95*

[FBIS Transcribed Text] Providenciales, Turks & Caicos Islands, Feb 5, CANA—Recently-elected chief minister of the Turks and Caicos Islands, Derek Taylor, has named his team of ministers, but their portfolios are yet to be announced. Taylor, leader of the People's Democratic Movement (PDM), and his five ministers were sworn in on January 3 as members of the country's executive council by the governor, His Excellency Martin Bourke, who presides over the council. The others sworn in were Sam Harvey, Oswald Skippings, Hilly Ewing, Clarence Selver, and Stevan Rigby.

In brief remarks after being sworn in, Taylor, 43, said the PDM, "has always stood for the grassroots man, and indeed, for all the people of the Turks and Caicos Islands." And, contending that this year the PDM is "celebrating 20 years of true representation," he said he was "overwhelmed" by the fact that Turks and Caicos Islanders can truly say that "they have come of age." He said he wished to assure the people of the Turks and Caicos Islands and those who have decided to make the Turks and Caicos their home that, under a People's Democratic Movement Government, there will be responsibility and accountability".

"Honesty and integrity must be the order of the day. Under my government, I promise that's exactly what would happen," he added. The TCI Constitution provides for six ministers of Government—all elected members of the Legislative Council—who together with the governor, the chief secretary, and the attorney general—all appointed by Her Majesty's Government—form the country's executive council. With only six ministerial posts available, of the eight PDM candidates elected at the recent general election, Larry Coalbrook and Oneal Delancy are the two PDM-elected members without ministerial responsibilities.

At the swearing-in ceremony, Governor Bourke said he planned proceeding to the formal allocation of portfolios, by instrument, "as soon as possible," but he had "only just received from the chief minister, the proposed list of portfolios," and he needed to discuss the list further with the chief minister.

Meanwhile, in a surprise move, Taylor has named Sam Harvey as his deputy, thereby overlooking former chief minister and former party leader, Oswald Skippings, who resigned as leader in October 1991, six months after he called and lost an early election, but who was considered the party's major weapon during the election campaign.

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## Zedillo Unveils Decentralization of Agriculture Secretariat

*PA0602231195 Mexico City XEW Television Network in Spanish 0430 GMT 4 Feb 95*

[From the "24 Hours" newscast]

[FBIS Translated Text] President Ernesto Zedillo today announced a new era for Mexico's countryside. At a ceremony at Los Pinos Presidential Residence in which he swore in the new National Executive Committee of the National Confederation of Owners of Rural Properties [Confederacion Nacional de Propietarios Rurales], President Zedillo announced the Agriculture, Livestock, and Rural Development Secretariat will be decentralized. He said the agricultural sector demands an end to centralism, as well as heightened assistance for local residents to cope with their own problems and limitations.

[Begin Zedillo recording] We will transfer resources, authority, and duties to the states, regions, and municipalities. We will place institutional capabilities at the source of the problems, where demands originate and solutions are found. We will push for decentralization in an effort to strenghthen democracy. [end recording]

Zedillo instructed Agriculture Secretary Francisco Labastida Ochoa to discuss decentralization with the governors. The president also promised the rights of Agriculture Secretariat workers will be respected throughout the decentralization process.

[Begin Zedillo recording] We will protect and enforce the rights of all forms of legal land ownership. We will protect small owners and, in turn, will not tolerate great landed estates. [end recording]

Senator Jesus Gonzalez Gortazar, outgoing president of the Confederation's National Executive Committee, and Jose Bonilla, president-elect for the 1995-98 period, were speakers during the 14th National Assembly of the National Confederation of Owners of Rural Properties. The two requested support for the countryside and respect for Chiapas' small landowners. The agriculture and environment, natural resources, and fisheries secretaries and the Institutional Revolutionary Party's national president also attended the function.

## Industrialists Call For Moratorium on Taxes

*PA0402182395 Mexico City EL FINANCIERO in Spanish 2 Feb 95 p 27*

[Report by Rebeca Lizarraga R.]

[FBIS Translated Text] The fact that Mexico was able to achieve international solvency does not change the current situation being faced by its companies, which are demanding from the government a support program for the manufacturing sector to enable it to survive and put an end to the situation in which they are drowning:

- 95 percent have incurred in huge debts, in dollars as well as in pesos;
- because of these debts, the industries are unable to access new loans because the interest rates—between 70 and 82 percent—prevent it;
- in light of this situation, and in the best of cases, Mexican industries can hope to do nothing more than survive in 1995.

The Business Coordinating Council (CCE) and the Mexican Institute of Small and Medium-Sized Industries (IMPI), the Employers Confederation of the Mexican Republic, and the Office for Industrial Advancement (BPI) deemed it urgent to place a moratorium on the payment of taxes, as well as the elimination of certain taxes, to enable the manufacturing sector to survive and begin a recapitalization process.

The BPI estimates that in 1995 the country will be divided geographically by marked industrial differences: companies with modern infrastructure and close ties to the U.S. trade sector will be located in the north and those outside this category will be located in the central and southern portions of the country. There will be other areas in which a large number of manufacturing industries will vanish.

The CCE proposes, based on Mexico's international solvency, to adjust our economic model. Among the nine measures proposed, the CCE believes the one on the fiscal aspect is the most important.

A tax system that promotes savings and investment is required. This tax system should not impose either unnecessary or exaggerated costs on the taxpayers [causantes] and should broaden, with legal security, the fiscal base.

The IMPI expresses a stronger position in this regard: The government has no right, because of the problems it has caused, to abandon the companies. So far, it has done nothing for the manufacturing sector.

The government has never mentioned which support plans or which strategies will be implemented to enable the industrial sector to survive, IMPI Director Salvador Garcia Linan remarked.

He deemed it necessary to establish a national moratorium—from six months to three years—for companies to recapitalize and define how they will pay their taxes.

The industries will pay their taxes once they begin their recapitalization, but an immediate reduction in taxes on assets and payrolls is required.

Garcia Linan noted that the government is responsible for companies contracting huge debts because it promoted debts in both pesos and dollars.

The credit austerity recorded over the past three years prevented the recapitalization of companies and limited their growth. Today, the necessary mechanisms to support this economic sector are not being created.

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Garcia Linan noted that the business groups have not promoted actions to support the industries. In the past three years, no private organization stood against this policy, which was already harming the manufacturing sector.

### Budgetary Austerity Forces Pemex To Postpone Projects

*PA0602225595 Mexico City LA JORNADA in Spanish 3 Feb 95 p 43*

[Report by Emilio Lomas]

[FBIS Translated Text] For the eighth year in a row, budgetary austerity will force Mexican Petroleum (Pemex) to postpone strategic projects and make it incapable of properly implementing expansion programs, Pemex Director Adrian Lajous confirmed yesterday. Lajous said Pemex will simply continue working and producing in line with already established programs to sustain, without modification, previously agreed-upon export levels.

Therefore, the initiative that was approved in December by the Pemex Administration Council to increase production by 150,000 barrels per day [bpd] was canceled, following the budget cut decreed last week. If the proposed increase in production had been implemented, Pemex would have increased its production from 2.685 million bpd to 2.835 million bdp. Although Lajous did not refer to the budget adjustment, he did say that in light of the important role played by the petroleum industry in the nation's economic and social sectors, Pemex is obliged to maintain and bolster its commitment to increase productivity and efficiency.

According to Pemex information, the budget initially approved for this year was 28.770 billion new pesos, 13.147 billion of which had been earmarked for investment programs. One year ago, in 1994, Pemex had a budget of 23.9 billion new pesos, 10.3 billion of which had been allotted to investments. It was learned that the new Pemex budget will be officially released next week.

In a ceremony held at the Engineer Antonio J. Bermudez Auditorium at the Pemex Administration Center, in which certificates of recognition were presented to personnel of the country's petroleum facilities—a ceremony to which the press was not invited—Adrian Lajous said Pemex, as an exporting company, makes a fundamental contribution to the country's trade balance. He added that Pemex earns a significant amount of foreign currency which has remained constant throughout these years. This, he added, has allowed Pemex to maintain a solid financial position.

In turn, Lajous remarked that this institution will continue to work and produce in line with established programs to sustain current export levels. Moreover, he reported that rigorous technical tests performed on the installations of the parastate company by well-known risk assessment firms [firmas de ingenieria de riesgos] have shown that the national petroleum industry meets international industrial safety standards.

According to a press release, Lajous asserted that even though the operation of the petroleum industry is considered to be high- risk, it is being conducted in a safe and efficient manner, allowing Pemex to obtain better coverage and cost conditions in the international reinsurance markets. After defining industrial security and environmental protection as fundamental issues to be monitored by Pemex, the director of the parastate company said that, over the past three years, accident rates at the country's petroleum installations were maintained at very satisfactory levels.

Lajous stressed that this shows the elevated commitment acquired by personnel working within Pemex installations, as well as their commitment to service by a company owned by all Mexicans. He finally concluded that the awards presented by international engineering firms to Pemex installations represent an incentive to strengthen operational safety, as well as to renew the commitment that has always been maintained within the institution.

### Institute Head on 800-Million Pesos Allotment for Indians

*PA0502185695 Mexico City LA JORNADA in Spanish 1 Feb 95 p 18*

[Report by Alonso Urrutia]

[FBIS Translated Text] Tuxtla Gutierrez, Chiapas, 31 January—Visiting the National Indian Institute (INI), its director general, Carlos Tello Macias, said 800 million new pesos will be earmarked to attend to Indians nationwide. He warned, however, this institution is not the only one responsible for meeting their demands. A large number of institutions and society is also responsible.

Tello arrived today in this city, where he met with Governor Eduardo Robledo Rincon. The two of them attended a meeting with Indians from the municipalities of Huixtan, Chenalho, and San Andres Larrainzar. Tello also met with INI representatives in Chiapas, where the INI has 12 regional centers, 50 percent of which remained seized by supporters of Amado Avendano.

The official said Mexican Indians represent "the poorest among the poor, a sector where abject poverty and exploitation reach dramatic levels." This reason is why it is urgent to "give all we can to begin resolving this situation."

Tello insisted, however, that neither the institute he heads nor the government is not the only responsible body for attending to the many Indian groups. It is a situation "compelling all of society to participate in the improvement of their living conditions."

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One year of conflict in Chiapas has gone by, and there has been much talk on the Indians, but, in short, what has been done? We have done something, but we still have a challenge and a task to fulfill ahead of us, he said.

He said the INI budget of 1995 amounts to 800 million new pesos. "It was one of the few budgets that remained unchanged during the revision the Chamber of Deputies just concluded. It remained as it had been originally programmed."

Tello said the amount of the budget allotment for Chiapas is still being studied, taking into account the conflict taking place in the state, its requirements, and its poverty. INI sources have estimated the allotment for the state could remain unchanged compared to the 1994 allotment, which amounted to 250 million new pesos.

Answering a question, he said the INI is adjusting its activities, and "we are committing ourselves to the communities as far as it is possible." He said there is a program for 700 communities in Chiapas. "We are concentrating our efforts not only on the area of Los Altos," he concluded.

### Finance Ministry Gives Bank of Tokyo Operating License

*OW0702031395 Tokyo KYODO in English 0255 GMT 7 Feb 95*

[FBIS Transcribed Text] Mexico City, Feb. 6 KYODO—The Mexican Finance Ministry said Monday it has given operating licenses in Mexico to the Bank of Tokyo and eight other foreign companies.

The companies, including BankAmerica Corp., three insurance companies and four credit firms, are expected to invest a total of 568 million pesos (about 107 million dollars) in Mexico.

The Finance Ministry last year announced it will give operating licenses to the Bank of Tokyo and Fuji Bank of Japan as part of financial deregulation, but the Bank of Tokyo received a license before Fuji.

Under the North American Free Trade Agreement (NAFTA), Mexico last year gave operating licenses to four U.S. banks and one Spanish bank. The Bank of Tokyo is expected to start operations in Mexico late this month or early next month, bank officials said.

### Zapatist Army Spokesmen Condemn U.S., IMF Loan

*BR0602151795 Madrid EL MUNDO in Spanish 6 Feb 95 p 23*

[Interview with Moises and Tacho, Mexican National Liberation Zapatist Army official spokesmen by Guiomar Rovira; place and date not given: "Peasants Will Have To Pay Debt to United States"]

[FBIS Translated Text] The popular Deputy Commander Marcos is no longer the visible head of the Zapatist National Liberation Front (EZLN). Tacho, a member of the Clandestine Committee, and Moises, a major in the Insurgent Army, have been the official spokesmen of the native guerrilla forces of the Mexican state of Chiapas since November.

[Rovira] Has Marcos been relegated to the background?

[Moises] Here you command by obeying. Marcos was ordered to do another job. When he has carried it out, perhaps he will return to his previous post. It is now his task to oversee the implementation of the agreements with the government. He is controlling units in other municipalities and in other places.

[Rovira] Are the peace agreements proceeding at a good rate?

[Moises] At the meeting held with the secretary of government (equivalent to the interior minister), there was only a commitment to withdraw the troops, and this has been done. We are in an indefinite cease-fire, waiting for the other points in the dialogue to be carried out. Therefore, if we are asked to lay down our weapons completely, we will be unable to carry this out.

The federal government is showing some desire to move forward, although it now faces many problems. Above all, it must show that it is keeping its pledges. Otherwise, the process begun in Chiapas is doomed to failure. For instance, we must see whether the authorities resolve the postelection conflict in the state of Tabasco. In the case of Chiapas, the dialogue cannot make progress as long as Eduardo Robledo (the Institutional Revolutionary Party governor of the state) remains in his post.

[Rovira] What is the Zapatists' opinion of the loan granted to Mexico by the United States and the IMF in order to resolve the grave crisis?

[Tacho] The country's debt endangers Mexico. The foreigners will be able to say that they are entitled to send in the Army, because they will argue that they have their interests and their money here.

[Moises] They are selling the country to other countries. Soon the "gringos" [Americans] are going to wish to intervene, as has happened historically. It is like in Panama, which the Americans are no longer prepared to leave. A solution to the crisis should be provided through our own resources, but the system in which we are living is like that. Mexico is accustomed to becoming indebted to the tune of millions of dollars, while the peasants do not receive even a nickel. On the other hand, every cent of interest that must be paid comes from them. Let those who have the debt repay it.

In the territory controlled by us, we will not allow a "gringo" to come and take the natural resources. In other words, it is in Zapatist territory that there is the greatest

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peace. Moreover, we are fighting for independence; the dependency on other countries needs to be broken.

[Rovira] The EZLN has called for a National Liberation Movement to be formed.

[Tacho] We are calling on all the civil movements in the country to unite in a single national liberation movement. The National Democratic Convention, the EZNL, and Cuauhtemoc Cardenas (the Party of the Democratic Revolution's candidate in the last presidential election) could create a broad front; a national liberation movement which would bring together all the Mexican left's social forces.

[Rovira] What role does Cardenas play in this?

[Tacho] The EZLN does not want power, a desk, or an office. The National Democratic Convention does not want power but for the problems to be resolved. However, Cardenas is taking part in the political struggle. At some point he could attain power. Then he will be able to help us. Cardenas comes time and again to talk with us in order to see how he can cooperate in order to prevent the conflict from recurring.

[Rovira] When you say that the struggle is at the national level, do you mean that there are more armed groups?

[Moises] There are other armed groups, but they are waiting, and that is a good thing. If they acted now, it would be a problem.

[Rovira] What is the greatest obstacle that Mexico is facing right now, according to the EZLN?

[Moises] The PRI. What the PRI has concealed for 60 years is now being uncovered. A real radical change is needed, and the PRI is the greatest obstacle to this. The techniques for being able to control people created years ago are failing.

[Tacho] They have been in power for over 60 years; there has been no other party, and we cannot blame others for the current situation because they are the only people who have governed. It is they who have killed political leaders, the people's best sons, they caused people to disappear, tortured... They bear all the blame, especially Carlos Salinas de Gortari (the previous Mexican president). We know that Cardenas won in 1988. This time, too, left-wing opposition parties won in other states of the republic.

[Rovira] What method do you propose for renewing Mexico's society and political system?

[Tacho] We have no name: We do not call ourselves socialists or communists; we do not know what that is. We only want there to be justice, freedom, and democracy, and for there to be a government which will support the working people. The people will decide how this is to be done.

[Moises] Why is there no political stability? Because all Carlos Salinas' policies were harmful to the people, the peasants and natives. There is no part of that Free Trade Agreement (NAFTA) that benefits the workers. The specter of Santana (the president who sold the territories of northern Mexico to the United States) is reappearing. Salinas is the new Santana because he is selling the people's assets again.

[Rovira] Could the conduct of the private police force of the stockbreeders and landowners of Chiapas jeopardize the dialogue?

[Tacho] The "white guards" could obstruct the dialogue. The stockbreeders are defending their usual interests; they could carry out armed actions and then blame the EZLN, and thus provoke war.

## Drug Trafficking Infiltrates Attorney General's Office

*PA0402182495 Mexico City LA JORNADA in Spanish 31 Jan 95 p 56-8*

[Report by Juan Manuel Venegas and Ciro Perez Silva]

[FBIS Translated Excerpt] Deputy Attorney General Hiram Escudero Alvarez admitted yesterday that drug traffickers have infiltrated among agents and officials in the Attorney General's (PGR) office. He also said there was a need to push for reforms of the banking secrecy law to fight money laundering more efficiently.

In reviewing the PGR's situation, the official listed the institution's weaknesses: people's dissatisfaction with the high crime rate, constant changes at the top—in the past administration, there were five attorney generals—and "significant" levels of corruption. Besides, Escudero continued, drug trafficking is "very powerful" and has been able to infiltrate all levels of the PGR.

Escudero blamed other weaknesses on the lack of resources and coordination among different PGR divisions.

After making these statements at a news conference, Escudero was asked whether one could flatly say that drug traffickers had infiltrated the PGR. He answered: "Some PGR agents and officials are tainted by drug trafficking, and it is important to identify them to enable us to act in strict compliance with the law."

We will deal with this problem, he affirmed, adding, "we are dealing with the institution's situation in a humane way." [passage omitted]

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## Panama

### Immigrations Director Cited on Receiving Cubans

*PA0602183695 Panama City LA PRENSA in Spanish 5 Feb 95 p A-1*

[Report by Orlando Mendieta C.]

[FBIS Translated Text] Immigrations Director German Gil Sanchez has announced Panama is willing to receive a group of Cuban rafters as long as they return to Guantanamo and fill out the necessary documents requesting their transfer to our country.

Gil Sanchez has made the announcement while a plan for the return of the Cuban rafters is being implemented. Approximately 2,000 of them have been returned to Guantanamo.

Gil Sanchez has said he will not accept any request from the Cuban rafters to stay in the country but has clarified they can file the necessary documents to return to Panama once they arrive in Guantanamo. We have learned from other sources that some Cubans have wives and children in Panama and other relatives in Panama.

Gil Sanchez has said the Panamanian Government is willing to receive a group of Cubans, but he did not specify how many or when. He added this receiving of Cubans must be done through controlled immigrations procedures and as long as it will not affect employment opportunities in Panama.

He has said one of the requirements to receive Cubans will be that they must have an economic means to meet their expenses while in Panama.

Gil Sanchez has admitted he has received calls from hundreds of Cubans who would like to stay in the country but has said the government is firm in its position of not permitting any rafters to remain in Panama.

Meanwhile, a bulletin issued by the Operation Safe Haven Press Center has stated 500 Cubans returned to Guantanamo yesterday in five planes, military and civilian. The bulletin added that there would be no flights to Cuba today but that another group of rafters will be transferred to that country from Howard Air Force Base on 6 February.

### Blast at Cristobal Port Blamed on Arms Shipment to Ecuador

*PA0702014995 Panama City Circuito RPC Television in Spanish 2300 GMT 6 Feb 95*

[From the "RPC Television News" newscast]

[FBIS Translated Text] We have more information about the explosion at Cristobal Port's Pier 8. A transshipment of weapons or a booby trap may have caused of the disaster. Here is a report from Abdiel Antonio Gutierrez with details:

[Begin recording] [Gutierrez] It was a devastating incident that claimed two lives immediately. The deafening sound was heard several kilometers away. Machinery parts flew into the air when a roller on a grader exploded as policemen tried to open it with an acetylene torch. The explosion led to a fire which firefighters later brought under control.

[Unidentified drug agent] We saw smoke going up, like when drugs are being burned, because it was brownish smoke. Later, we heard small explosions of ammunition. That was when we moved back. There was a small explosion followed by a larger one that killed two drug agents of the Colon Free Zone.

[Gutierrez] Witnesses say they could not believe their eyes. Did you see the injured?

[Unidentified witness] One of them.

[Gutierrez] How was he?

[Witness] Well, one of them had lost an arm, and he had been disemboweled.

[Gutierrez] Luxury cars, spare parts, and other merchandise were all stored at the pier. There was a great deal of confusion. The workers ran from the pier, fleeing a rain of debris.

Dozens of relatives of Cristobal Port workers went to the hospital asking for information. In addition to the two deaths, 27 others were injured, three seriously.

[Medical Director Dr. Adriano Fierro] Unfortunately, one gains experience in dealing with these kinds of incidents. We have gained experience from previous disasters, such as plane or bus accidents. This is an explosion, another type of disaster. Our personnel have gained experience in the immediate attention of these patients.

[Gutierrez] Some authorities suspect this was a booby trap set for drug agents of the PTJ [Judicial Technical Police].

[Blas Velasquez, security director of Cristobal Port] Someone called to say there were drugs there and that the drugs were going to Ecuador. Apparently, the grader was being shipped to Ecuador. Drugs do not go there. Drugs come from there to here.

[Gutierrez] The explosion surprised everyone, and although the response by the security services was immediate, port workers insist that prior to such searches, people should be evacuated from the area. This has been a report from Colon Province. [end recording]

At the close of this newscast, we can add that Port Authority Director Hugo Torrijos Richa confirmed to RPC television a few minutes ago that the other roller of the grader was opened and inside officials found 90 AK-47's, Soviet [as heard] C-4 explosives, various kinds

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of ammunition, and anti-tank rocket- propelled grenades, which presumably were going to Ecuador. This news has been confirmed by Mr. Blas Velasquez, security director of Cristobal Port.

### 7 Alleged Conspirators in Plot To Kill President Freed

*PA0602200595 Panama City EL PANAMA AMERICA in Spanish 6 Feb 95 p 1*

[Report by Arnulfo Barroso Watson]

[FBIS Translated Text] Government Minister Raul Montenegro confirmed yesterday the release of seven of 12 policemen held under administrative arrest for their alleged involvement in the conspiracy to kill President Ernesto Perez Balladares.

In an interview with EL PANAMA AMERICA, Montenegro said that he ordered the release of the low-ranking policemen and that they were allowed to return to Chiriqui Province, but he declined to say why.

He warned that the investigations are continuing and that the release of these policemen, with whom he met for two hours on 4 February, does not mean they were totally excluded from the inquiry. He also denied the release confirms the view by some that the conspiracy is a "show" the government staged to divert the people's attention.

So far, Sublieutenant Julio Herrera (retired), Corporals Adela Pitty and Ricardo Aguilar, Sergeants Sonia Samudio, Maximo Nicholson, Cinicio Lezcano, and Erick Veces have been released. Presidential intelligence agents uncovered the plot, but the implicated policemen have said the conspiracy was a fabrication by top police officers to maintain their status in the institution.

They denied the existence of plan against the government although they acknowledged personnel of the Chiriqui Police Zone are unhappy with the actions by certain officers against the troops. The authorities interrogated the policemen about their alleged ties to civilians Eric Staff, Javier Iglesias, Pedro Pitty, and a neighbor of the resident of Perez Balladares in Boquete. The investigators have said the individuals would be involved in the plot.

According to the inquiry, former Captains Evidelio Quiel and German Gonzalez Pitty, who are at large, held frequent clandestine meetings in Boqueron to discuss the plot. The accused policemen, most of them stationed in Chiriqui, have described their transfer to Panama as a kidnapping, because they were not read their rights at the time of their arrest and were brought to Panama City under the ruse they would be carrying out a mission.

### Further on Release

*PA0602220295 Panama City Telemetro Television Network in Spanish 1730 GMT 6 Feb 95*

[Report by Julia Elena Alvear; from the "Telemetro Reports" newscast]

[FBIS Translated Text] Regarding the alleged plot to assassinate the Panamanian president and other officials, Government and Justice Minister Raul Montenegro has explained the reasons for the release of seven of the 12 policemen who had been arrested.

[Begin Montenegro recording] What we will not do is look for scapegoats among innocent people or among those whose guilt cannot be proven just so we do not have to admit we were wrong. We were never wrong, however, because the president is alive, and that is our work and mission. [end recording]

The government and justice minister also was questioned about the intelligence reports that initially led to the arrest of 12 people. He also was asked about the possibility that the announcement of the plot was a hoax.

[Begin Montenegro recording] There has been much talk that the information about the plot was a hoax. I want to emphatically reiterate that the government would never do such a thing as to perpetrate a hoax to deceive public opinion. [end recording]

Those released include retired Sublieutenant Julio Herrera; Corporals Adela Pitty and Ricardo Aguilar; and Sergeants Sonia Samudio, Maximo Nichelson, Cicinio Lezcano, and Eric Veces, most of whom have been reinstated in their jobs, while two of them are on vacation. The police are continuing to investigate Juan Marriaga, Astenio Castillo, Oclides Guerra, and Francisco Grajales.

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## Argentina

### Guarantors May Send Observers to Conflict Area

*PY0602130695 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1046 GMT 4 Feb 95*

[FBIS Translated Text] Buenos Aires, 4 Feb (NA)—The guarantor countries of the Rio de Janeiro Protocol, which includes Argentina, "may send military observers to the armed conflict area" where Peru and Ecuador are engaged in an armed conflict unless the warring nations agree to end this conflict in which more than 200 casualties have already been reported.

Defense Minister Oscar Camilion made this announcement during a news conference following a ceremony to mark the 28th anniversary of the establishment of the Armed Forces Joint Staff.

Camilion asserted: "Unless the parties reach settlement, the guarantors of the Rio de Janeiro Protocol—the United States, Argentina, Brazil, and Chile—may send military observers to the area."

He was cautious about the possibility of sending observers since "negotiations between Peru and Ecuador have reached stalemate and hostilities have not been suspended." No agreement has yet been reached on a cease-fire.

The defense minister considers it difficult to reach agreement on a "cease—fire" in the area under conflict unless "Peru and Ecuador return to the situation before they deployed their troops."

Camilion confirmed the creation of the post of Special Deputy Chief within the Joint Staff to undertake joint studies with the Defense Ministry this year on the implementation of a new law on military personnel.

The defense minister commented on the scant number of volunteers for the recently established voluntary military service and acknowledged there was "a deficit" in the City of Buenos Aires.

"We have only covered 60 percent of our needs in the metropolitan area. We need 3,500 servicemen and have so far covered only 2,800 vacancies," he added.

He commented on interference suffered by airport control towers in the federal capital and Greater Buenos Aires.

Announcing "a plan to install radar throughout the country" this year, Camilion conceded that interference from radio stations "is worrisome."

He said: "The infrastructure of Argentine airports leaves a lot to be desired and their radar installations are inadequate."

The defense minister contended that this operational deficiency "benefits drug trafficking and smuggling."

### Ecuador's Duran-Ballen Arrives, To Meet Menem

*PY0602160695 Buenos Aires TELAM in Spanish 1517 GMT 6 Feb 95*

[FBIS Translated Text] Buenos Aires, 6 Feb (TELAM)—Ecuadoran President Sixto Duran-Ballen arrived at 1215 [1515 GMT] at the Jorge Newbery Metropolitan Airport. He was met by Foreign Minister Guido Di Tella and Ecuadoran Ambassador Julio Correa Paredes.

Government sources reported that the Ecuadoran chief of state is scheduled to meet with President Carlos Menem at about 1300.

### Meets Menem, Holds News Conference

*PY0602214695 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1957 GMT 6 Feb 95*

[FBIS Translated Text] Buenos Aires, 6 Feb (NA)—Ecuadoran President Sixto Duran-Ballen insisted in Buenos Aires this afternoon that Peru must bear all responsibility for the armed conflict between the two countries. Duran-Ballen said that the Rio de Janeiro Protocol guarantors "did not fail in any way" in their mediating efforts, because "no deadlines have been set" to achieve a cease-fire.

Duran-Ballen arrived in Buenos Aires around noon to meet with his Argentine counterpart Carlos Menem. His visit is within the framework of his tour of various Latin American countries to personally brief his counterparts on Ecuador's position.

After his noon meetings Duran-Ballen held a news conference. He said that Menem, as well as Brazilian President Fernando Henrique Cardoso, asked him "to search for peace between our countries, because that peace also means peace in Latin America."

Menem and Duran-Ballen had a long working meeting, and then a lunch at Government House. The presidents were accompanied by Argentine and Ecuadoran Foreign Ministers Guido Di Tella and Galo Deloro Franco, respectively. Duran—Ballen used various maps to present his argument in support of his country's position in the conflict with Peru.

During the news conference, the Ecuadoran president was adamant in defending his country's position in the conflict. He insisted that Peru was responsible for all the attacks.

"I ask you, journalists, foreign correspondents, if you know of a single Peruvian position that has been attacked by Ecuador. Tell me, because I am not aware of it," Duran-Ballen emphasized.

The Ecuadoran president said the mediation in Rio de Janeiro by the four countries that guaranteed the agreement signed between Ecuador and Peru in 1942—Brazil, Argentina, Chile, and the United States—"did not fail in any way, because no deadlines have been set."

Duran-Ballen answered another question by saying that the border conflict with Peru is "in no way" the consequence of "internal problems" in his country, as international analysts speculate.

Asked if that was not the reason why Peruvians started the war, Duran-Ballen said: "I do not know that. You will have to ask that to the Peruvian president."

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Asked about the new proposal that he presented yesterday and today to Presidents Cardoso and Menem to put a quick end to the armed conflict, Duran-Ballen declined to answer, because "it is precisely part of our negotiations."

The Ecuadoran president did not want to elaborate on President Menem's answer, either.

"But I can tell you that President Cardoso yesterday, as well as President Menem today have, expressed their deep desire to look for peace between our two countries, because peace between the two countries also means peace in Latin America," Duran-Ballen said.

The Ecuadoran president added: "And peace in Latin America means putting into practice what we all accepted last December during the Miami summit with respect to the integration process, the peaceful solution of conflicts, and the achievement of regional integration from Alaska to Patagonia by the year 2000."

Immediately after the news conference, Duran-Ballen and entourage drove to the metropolitan airport to fly to Santiago, Chile, where the Ecuadoran president is scheduled to meet with President Eduardo Frei.

### Explains Position

*PY0602203595 Lima Radio Programas del Peru Network in Spanish 1930 GMT 6 Feb 95*

[Telephone report by Radio Mitre reporter Esteban Talpone from Buenos Aires—live]

[FBIS Translated Text] [Announcer] Good afternoon, Esteban, how are you? Did Ecuadoran President Sixto Duran-Ballen say anything after meeting with Argentine President Carlos Menem?

[Talpone] Yes. The meeting between Sixto Duran-Ballen and Carlos Menem has just ended. Duran-Ballen explained to President Menem the Ecuadoran position on the conflict with Peru. Let us listen to the comments by Duran-Ballen after meeting with Menem:

[Begin Duran-Ballen recording] Contrary to what has been said, that Ecuador refuses to reach a cease-fire agreement, I would like to say categorically to the media that from the first moment Ecuador was ready for an agreement. Furthermore, in face of the first demand from the four guarantor countries that we accept a cease-fire, I said that the best way would be to declare an immediate cease-fire without conditions. In this regard, on the night of 30 January the text of a cease-fire was ready. It was a very simple document. The only thing missing in the document was the hour that the cease-fire would go into effect on 31 January. And this document suffered various changes and variations, and there is still now no final cease-fire document that is acceptable to the two countries. Obviously, I am not going to get into the details of the objections by either country. But because I am dealing with a people, and as chief of state, have the responsibility of watching over the future of my country, I thought it was necessary to establish telephone contact with the presidents of Brazil, Argentina, and Chile and come for a quick visit to give them personally, from person to person as it should be among human beings, our version of what is really happening between our two countries. [end recording]

[Talpone] Those were the comments of Ecuadoran President Sixto Duran-Ballen after meeting with President Carlos Menem in Buenos Aires. What remains to be known is whether the presidents of Argentina, Brazil, and Chile, or the three of them together, will attempt a new mediation between Peru and Ecuador to try to stop the war.

[Announcer] Thank you very much Esteban, for your information. We will keep in touch in case you have any more comments by Sixto Duran-Ballen, or has he already left Argentina?

[Talpone] Duran-Ballen will leave for Chile within the next few hours.

### Says Chilean Arms Not Bought To Fight Peru

*PY0702003595 Madrid EFE in Spanish 2306 GMT 6 Feb 95*

[FBIS Translated Text] Buenos Aires, 6 Feb (EFE)—Ecuadoran President Sixto Duran-Ballen today denied having purchased arms from Chile with the goal of using them against Peru, "as the last transaction was conducted before the border conflict broke out."

During a brief conversation with Argentine journalists, Duran-Ballen today emphasized that the last arms purchase from Chile was conducted on 16 September 1994, four months before the hostilities broke out.

In response to a question posed by a journalist, the Ecuadoran president added that the operation was conducted "way before these events (the clashes between his country and Peru) began on 9 January."

Duran-Ballen arrived today in Buenos Aires on a tour that will also take him to Brazil and Chile, with the goal of "personally" informing the presidents of these countries of the causes for and development of the military conflict with Peru.

The Ecuadoran president has the entire time blamed Peru for having initiated the hostilities, and reaffirmed that Ecuador has been the country attacked.

The Ecuadoran president said: "All the areas where the (military) actions have developed are, without exception, Ecuadoran areas, and no one, no medium, has at any time indicated a Peruvian area that has been attacked by us."

"This means that we have been attacked, and that we are not the attackers," Duran-Ballen concluded.

Duran-Ballen immediately traveled to Chile. He is now there to inform Chilean President Eduardo Frei on the Ecuadoran position.

### Menem Praises Clinton on Mexican Aid

*PY0602131595 Buenos Aires CLARIN in Spanish 2 Feb 95 p 4*

[FBIS Translated Text] President Carlos Menem has sent a telegram to his U.S. counterpart Bill Clinton, congratulating him on the executive order that grants financial aid

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worth $20 million to Mexico. On 1 February, Menem said: "This decree put things in order after the delay by the Congress (of the United States) to approve legislation." He thus inferred that the audacious measure by his U.S. colleague has given him support to face the criticism within his own country to resolve by decree what our Congress denies him.

Menem said: "Clinton used a methodology that we have used on other occasions to help Mexico, considering the delay by Congress was causing harm to several world economies."

"The Mexican crisis affected the world economy. No country is isolated from this current process of globalization, and a crisis like this affects the rest of the system, Menem said [no closing quotation marks as published]. After recalling that Mexico's financial situation "affected Argentina's economy," he indicated that "the situation is being overcome step by step."

Menem added: "I do not know if he (Clinton) has become Menemized, but the measure is very like one we have used on several occasions to quickly overcome difficult situations. "He said that by changing from one of the most successful economies to the current crisis, the Mexican economy "took us all by surprise, but this unhappy episode has now been overcome, and matters will now run much, much better."

On 31 January Menem met with Jesus Puente Leyva, the Mexican ambassador to Argentina, a few minutes before Clinton's decision was announced. Puente Leyva used the best diplomatic language to illustrate his disagreement with the Argentine Government tactics, which from the start differentiated itself from the Mexican situation. "Everyone is involved in the crisis," was the thesis the ambassador used to counter the systematic "Argentina is not Mexico" dictum with which Menem and [Economy Minister Domingo] Cavallo toured the world. Puente Leyva told CLARIN that the president was "very concerned." On 1 February, when Menem announced he had sent a telegram to Clinton congratulating him for the measure, he added a suggestive rider that "we must await the results."

### Israeli Envoy Insists 'Third Attack' Could Occur

*PY0602133595 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1839 GMT 5 Feb 95*

[FBIS Translated Text] Buenos Aires, 5 Feb (NA)—Israeli Ambassador Yitzhaq Aviran has reiterated that "a third attack" may be perpetrated in Argentina. He said he is convinced "the Argentine Government is earnest in its efforts" to clear up the attack on the AMIA [Argentine-Israeli Mutual Association] headquarters on 18 July 1994.

During an interview in the latest issue of NOTICIAS magazine, Aviran said categorically: "Nobody can assert there will not be another attack."

He made it clear that the Menem administration "is aware that the target or objective" of another terrorist attack like the one on the AMIA headquarters or on the Israeli Embassy on Arroyo and Suipacha Streets of Buenos Aires—which took place on 17 March 1992—"may not be just a Jewish or an Israeli institution."

He commented: "These fundamentalists may choose another target because Argentina has aligned itself with the western bloc, which is the target of fundamentalists."

Aviran said: "We know Iran is a terrorist country that provides economic, military, and political support to terrorist groups like the Hezbollah and the Hamas."

He added: "We know these groups perpetrated the attack (on the AMIA headquarters) because the tactics used show the kamikaze was a fundamentalist Shiite."

## Bolivia

### Morales Refutes Charges of Coca Growers Producing Cocaine

*PY0602153495 La Paz Radio Cadena Nacional Network in Spanish 1100 GMT 6 Feb 95*

[FBIS Translated Text] Coca growers' leader Evo Morales has flatly rejected the charges by Chimore Special Antinarcotics Force [FELCN] commander that approximately 40,000 coca growers are directly involved in the production of cocaine paste.

Evo Morales said FELCN Commander Luis Cavallero's comments were rash and warned that his statement paves the way for a possible anti-narcotics repression operation in the tropical Chapare region and a subsequent militarization of this action.

Morales also said UMOPAR [Mobil Police Units for Rural Areas] agents constantly violate human rights in the tropical Chapare region where corruption within the FELCN is very worrisome. He urged the minister of government to investigate the level of corruption among UMOPAR and FELCN officers and agents.

Morales said Minister of Government Carlos Sanchez Berzain has no political will to promote the amendment of Law No. 1008, adding that until a desire to amend the mentioned law is expressed through an amendment, dialogue and agreement with the coca growers will be very difficult.

## Brazil

### Cardoso Addresses Nation, Views Minimum Wage Hike Issue

*PY0302190495 Rio de Janeiro Rede Globo Television in Portuguese 1515 GMT 3 Feb 95*

[FBIS Translated Text] President Fernando Henrique Cardoso has just addressed the nation over a national radio-television hookup for the first time since his installation. He urged congressmen to review the salary increase they granted themselves. He also reported that ministers will waive their increase until it becomes possible to approve the 100 reals minimum wage.

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[Begin Cardoso recording] I pointed out that the increase in the salaries of congressmen, ministers, and the president of the Republic should be moderate. I now urge the leaders of the ruling and opposition parties to review the decision that granted them an equivalent of 15 salaries per year. To confirm our willingness to treat the minimum wage hike issue morally until it becomes possible to increase the minimum wage to 100 reals, the ministers will give up their recently created allowance per function—equivalent to nearly 25 percent of their salaries—and the president and the vice president of the Republic will do the same. [end recording]

## Cardoso To Alleviate Back Pain With Exercise

*PY0602140495 Sao Paulo AGENCIA ESTADO in Portuguese 2133 GMT 5 Feb 95*

[FBIS Translated Excerpt] Brasilia, 5 Feb (AE)—President Fernando Henrique Cardoso suffers from lumbar region pains. This is why he was attended three times during the weekend by specialists from the Sarah Kubitschek Hospital who are using physical exercises to relieve the president from further back pains. The exercises include 30 minutes of swimming and daily walks, alternately.

This afternoon, concerned with rumors that he was using an orthopedic corset, President Fernando Henrique Cardoso, accompanied by friends and relatives, walked to the gate of Alvorada Palace and guaranteed reporters that he is "fine" and that his spinal column is "perfect." Cardoso even gestured that he would open his shirt to clear up any doubts. He said: "Of course I am not using a corset," bidding farewell to the public.

The president was applauded by nearly 50 people, including tourists, who were there to see Planalto Palace. During a brief conversation with reporters, Cardoso said his level of fitness has not changed, and that he is doing the physical therapy exercises recommended by doctors. He confirmed he no longer submits himself to acupuncture sessions.

The first time Cardoso felt back pains was during his election campaign, when he submitted himself to several acupuncture sessions, and he was even admitted to the emergency room at the Sarah Kubitschek Hospital. The acute pains returned last week after the president attempted to prevent a grandson from falling at Alvorada Palace. That is when his back problems returned. After being prescribed an analgesic to relieve the pain, physical therapists recommended that he follow an exercise program. Cardoso has been swimming since 3 February, and this week, he will begin taking walks.

"The president leads a sedentary life and he must carry out physical exercise to counter the time he spends sitting," said Aloisio Campos da Paz, medical doctor who presides over the Social Pioneering Foundation, which is responsible for administering the Sarah Kubitschek Hospital chain. On the afternoon of 4 February, Doctor Campos da Paz was at Alvorada Palace accompanied by a therapist expert in swimming and a rehabilitation nurse to supervise the exercises. After learning the techniques to avoid excessive strain on his spine, Cardoso will exercise on his own. [passage omitted]

## PSDB Shows Clear 'Discomfort' Over PMDB, PFL Power

*PY0302174895 Rio de Janeiro JORNAL DO BRASIL in Portuguese 2 Feb 95 p 2*

[From the "Such is Politics" column by Dora Kramer]

[FBIS Translated Excerpt] The discomfort of the PSDB [Brazilian Social Democracy Party] is evident. It became still more evident yesterday during the installation of the new Congress, when it became clear that those who have the strongest voice in Congress are the PMDB [Brazilian Democratic Movement Party], Antonio Carlos Magalhaes' PFL [Liberal Front Party], and Paulo Maluf's PPR [Progressive Renewal Party]. Timidly, the PSDB—who won the elections, but cannot hide their uneasiness and lack of appetite for exercising command—allows the parties with more experience in this task to simultaneously play the role of opposition and ruling powers.

Magalhaes and Maluf agree in criticizing the government's inability to communicate with society, thus giving the impression that nothing is being done, and when something is done the action is eroded by inarticulateness. The PMDB has shown that even if it decides to support the government, it is not a party that can be controlled. The choice of two PMDB members who support Quercia—Jader Barbalho and Michel Temmer—to be the party bloc leaders in the Senate and the Chamber of Deputies, as well as the decision to leave aside the PMDB faction that has a better level of dialogue with the government, shows that Planalto Palace has lost the first dispute within the new Congress.

The government won some support because of Luis Eduardo Magalhaes' election today to the Chamber of Deputies presidency (although his election was due to his efforts to obtain votes, one by one), but it did not succeed in maintaining coordination over a group of senators who unsuccessfully tried at the end of last year to offer an alternative to Jose Sarney's candidacy. Planalto Palace discreetly supported the group, but realized in time that it was time to give up the idea. [passage omitted]

Yesterday, everyone inside the PSDB realized that the dominion of this PMDB that has defeated the government will bring problems. Although strong, the PFL poses less concern, as it traditionally preserves the power turf and is, at the same time, absolutely loyal. [passage omitted] The PMDB, however, always sells its merchandise at high prices, and does not always deliver what it has sold. It is a party that always wants more while always giving back less. It offers no guarantees.

The choice of those who will command the Chamber and the Senate was a replica of the Democratic Alliance cadres. The government leadership in the Chamber belongs to the PMDB, and the leader in the Senate will probably be a PFL senator. [passage omitted]

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In this case, the president of the Republic's party will have only one seat on the Political Council, which Fernando Henrique Cardoso chose as his privileged channel of communication with Congress. Only Pimenta da Veiga, as PSDB president, will have a voice on the council, and everyone knows that party presidents have very little influence on congressional matters, even if the party president is Pimenta da Veiga, who has good contacts in Congress. In view of his position as party president, Pimenta da Veiga's concerns have more to do with the party he heads than with the government's daily matters. Those who really count in these cases are the leaders who are entirely dedicated to the daily debates held in Congress and, unfortunately, the PSDB is entirely left out of this group. [passage omitted]

## Constitutional Reform Proposals of PFL Defined

*95SM0164A Sao Paulo GAZETA MERCANTIL in Portuguese 16 Jan 95 p 7*

[Article by Adriana Vasconcelos: "PFL Wants End to All State Monopolies in Proposals To Revise Constitution"]

[FBIS Translated Text] Last Friday, by officially sending Minister of Justice Nelson Jobim a 77-page document containing its principal suggestions for constitutional reform, the PFL [Liberal Front Party] showed that it could not be more closely in tune with Fernando Henrique Cardoso's economic team. This is made clear by the party's proposals, which range from a redefinition of the federative pact to the elimination of retirement for time in service.

The Liberals are bolder than the executive branch, however, when they call for an end to all state monopolies instead of going along with the talk about flexibility that the administration has been defending so far. The PFL advocates deconstitutionalizing the monopolies so that private capital, both domestic and foreign, can be given access to areas in which the Union currently holds a monopoly on operations, examples being petroleum and telecommunications.

Entrusted by Jorge Bornhausen, the PFL's national president, with helping to organize the seminars that the administration will hold with the congressional blocs of its allied parties beginning on the 26th of this month, Deputy Nelson Morro (PFL, Santa Catarina) also made it a point to send a copy of the document to Ministers Jose Serra (Planning), Pedro Malan (Finance), Reinhold Stephanes (Social Security) (who, as a PFL member, must have taken part in drawing up the party's proposals), and Luiz Carlos Bresser Pereira (Federal Administration and State Reform). "We want to provide help and a maximum number of suggestions so the administration can complete its proposals for constitutional reform," the deputy commented on Friday.

### Shrinking the Machine

The PFL retreated, however, from its proposal for shrinking the administrative machinery.

Last November, while the transitional government was still in office, the party provoked many reactions from the Northeastern bloc in Congress when it proposed to the then president-elect that a number of government agencies, including Sudene [Northeast Development Superintendency], Sudam [Amazon Region Development Superintendency], and the Bank of the Northeast, be eliminated. The document just presented to the executive branch, as discussed and approved by the PFL's congressmen, simply states that "in Brazil there is too much state and not enough society."

The principal points in the PFL's proposal for constitutional reform include the following:

1. A redefinition of the federative pact: the PFL supports a thorough reform of functional and legislative powers in the three spheres of the federative organization.

2. A redefinition of the role of the state in the economic order: on this subject, the PFL advocates an end to restrictions on foreign capital and the deconstitutionalization of state monopolies—which would then be dealt with through supplementary legislation.

3. Tax reform: for the purpose of establishing a system that is "productive, neutral, fair, and simple," the document proposes that taxation be applied to the traditional revenue-generating factors: income, property, economic circulation, and the consumption of goods. In addition, it calls for the elimination of areas of overtaxation, examples being payroll and the productive sector. The PFL also advocates broadening the taxpayer universe and reducing levels of tax evasion.

4. Under the PFL's proposal, an investment fund would be established for the Federal District.

### Social Security

5. Reform of the social security system: the PFL proposes the adoption of a general, government-run social security system compulsory for everyone and paying a maximum of about five minimum wages. On top of that ceiling, a capitalized supplementary social security system would be established. Under the new rules, retirement for time in service and other special retirement systems would be abolished. Apart from the constitutional proposals themselves, the party proposes the implementation of a deregulation and debureaucratization program whose basic objectives would be to reduce state interference in people's lives and in the business world and to reduce the bureaucratic burden.

## France Offers Aid in Building Nuclear Submarine

*95SM0163B Brasilia CORREIO BRAZILIENSE in Portuguese 13 Dec 94 p 15*

[Article by Roberto Lopes: "France Wants To Help Build Submarine"]

[FBIS Translated Text] The French Navy has offered to help Brazil build its first nuclear-powered submarine.

The announcement was made by Minister of Navy Ivan Serpa in Rio de Janeiro last Friday. He was speaking to

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about 120 active and reserve officers in an auditorium at the Marine Training Center on Governador Island.

The French Navy has the world's fourth most powerful fleet of nuclear submarines, but Serpa was careful to emphasize that he was not the one who had asked for French cooperation.

The Brazilian nuclear-powered submarine program—better known by its acronym NUC—is being carried out at the Armar Experimental Center in the interior of Sao Paulo with German technical assistance.

In the opinion of the former chief of the Armed Forces General Staff (EMFA), Admiral Valbert Lisieux de Medeiros—who represents the German shipbuilding industry in the Navy—the offer in question is simply a trick to give French industry a chance to sell torpedoes to the Brazilian Submarine Force.

The purchase order was practically in the bag with Honeywell of the United States, but the minister announced that Honeywell had changed the price so many times that he was going to contact French manufacturers.

The NUC program began in 1978 and achieved its first major result in 1989. In that year, then President Jose Sarney announced that through its efforts in researching construction of the vessel, the Navy had mastered the uranium enrichment cycle by centrifugation.

Last August the General Directorate of Navy Materiel decided to become involved in the program. Two audits—one technical and the other administrative—pointed to problems in management under Admiral Othon Luis Pinheiro, president of the Navy's Coordinating Center for Special Projects (Copesp), which is responsible for the program.

The most serious difficulty is reportedly of a technical nature. Brazilian experts have been unable to compress the nuclear reactor to a size suitable for the NUC.

Accepting a larger reactor would mean revising the entire submarine project—and checking to see that the engines as designed are powerful enough to move a vessel larger than that originally planned.

Adm. Othon has entered the reserve and resigned as president of Copesp. His place has been taken by Admiral Arlindo Vianna Filho, a submariner. At the start of 1995, he will be replaced by a naval engineer, Ivan de Aquino Viana, who will receive the two stars of a rear admiral.

**Fleet Gets New Vessel**

The Navy intends to spend about $25 million on the purchase of torpedoes, sonars, and engines to keep a small core of submarines ready for any emergency as this century ends.

The Fleet Submarine Force reportedly needs at least three flotillas with four submarines in each.

In 1995, however, that fleet will consist of a single vessel, the Tamoio, which was assembled in Brazil using German technology and incorporated into the fleet in Rio de Janeiro yesterday.

The Tamoio has not yet completed its normal period of sea trials, but its incorporation was moved up because the Tupi, of the same class, is being temporarily deactivated for engine replacement.

Besides the Tupi, the submarines Humaita, Riachuelo, and Tonelero—all of them more than 20 years old and possessing little operational capability—will also be deactivated.

Those three will be fitted with CSU-type sonars manufactured by Krupp-Atlas of Germany.

Actually, even if it had a dozen new submarines, the Navy would find it difficult to use them. For the simple reason that they lack torpedoes.

To correct that serious shortcoming, it was decided at first to import 35 U.S. Mk37 torpedoes. Those torpedoes are secondhand, but they have been updated by the Honeywell firm to the Foxtrot version, giving them a speed of 35 knots.

The Navy also intended to purchase kits to update another 30 Mk37's already in its arsenals. But the entire purchase has been suspended—at least temporarily.

## Avibras, Army Contract for Astros II Sales

*95SM0163A Sao Paulo GAZETA MERCANTIL in Portuguese 2 Jan 95 p 25*

[Article by Virginia Silveira: "Avibras Reactivates Sale of Rocket Launcher in Contract With Army"]

[FBIS Translated Text] Sao Jose dos Campos—The Ministry of Army has signed a contract with Avibras Aerospace Industry of Sao Jose dos Campos for the purchase of the Astros II system, a multiple rocket area saturation launcher. The deal was announced by the ministry's Ordnance Department on 29 December in an official note released to the press. Details of the contract with Avibras in terms of money amounts and the number of launchers ordered by the Army were not revealed.

The contract is of significant importance, however, not only in relation to the modernization of the Army's ground force but also from the standpoint of Avibras, which had not sold any units of the Astros II system—the company's star performer until 1988—since 1990. The system was widely used by the Iraqi Army in the war against Iran and also by Saudi Arabia in the Gulf War.

**Financial Difficulties**

Sales of the system made the company one of the country's nine largest exporting firms, with billings on the order $350 million in 1987. The cooling of the market—a result both of the slowdown in foreign demand (the end of the Iran-Iraq conflict and more aggressive U.S. competition) and of the

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lack of domestic orders due to budget restrictions—caused serious financial difficulties for Avibras.

As a result of the crisis, the company had to file for protection from its creditors, close and sell off subsidiaries, and reduce its labor force from 5,500 to less than 1,000.

**'Islands of Modernity'**

In the opinion of the Ministry of Army, the purchase of Astros II systems will create one of the so-called islands of modernity within the Brazilian Army by "providing the artillery arm with sophisticated high-tech equipment possessing a high level of firepower," according to the official note.

The management of Avibras could not be located for an interview concerning the contract signed with the Ministry of Army.

**Army Will Pay Debt to Avibras**

The Avibras Aerospace firm in Sao Paulo State is going to receive 27 million reals from the Army. Last week the company's bank accounts were frozen throughout the country by order of the Secretariat of the Treasury.

The company is accused of not meeting financial commitments it had made abroad with the Union's backing. The 27 million reals in question will pay off old debts owed by the Army to the firm—the last major company in the arms industry.

With that money, Avibras will pay debts owed to foreign suppliers and avoid bankruptcy. To ensure payment of the money owed to it, the firm kept Roberto de Carvalho, a colonel in the reserve and one of its managers, in Brasilia all year.

Treasury—At Avibras, the fact that Murilo Portugal is staying on as secretary of the Treasury was deplored.

Portugal and his team are said to be insensitive to Avibras' position as a firm "of interest to national security" (which is how it describes itself).

Avibras manufactures equipment ranging from armored Astros II surface-to-surface rocket carriers to aerial bombs and small air-to-surface rockets—recently acquired by Angola. But it has not made any sizable sales over the past four years.

Heavily in debt, it does not even have enough money to buy the raw material needed to manufacture ammonium perchlorate, a basic component of rocket propellants.

The company is thinking of closing its Unit No. 3, located in Lorena, Sao Paulo, where it has a perchlorate plant.

**Resignations**

Last month manager Carlos Lima resigned from the firm. He had been hired in April 1992 to attend solely to African business—and immediately joined the team in charge of selling the Astros system to Nigeria.

Lima, an executive with foreign trade experience in Canada, was the second manager to leave Avibras in 1994.

The first was Khaled Said, an Arab who was responsible for sales in the Persian Gulf. He was fired by the firm's owner, Joao Verdi, during the first half of the year.

At the time, a trip to Saudi Arabia by Minister of Army Zenildo de Lucena had failed.

Verdi wanted Zenildo to persuade the Saudi minister of defense, Prince Sultan, to buy more rockets for his Army's Astros launchers. Sultan said he did not have time to meet with the Brazilian general.

**Offer To Buy Engesa Headquarters**

The luxurious headquarters owned by Engesa [Specialized Engineers, Inc.] in the Sao Paulo municipality of Barueri—once the scene of million-dollar arms deals—may now serve as headquarters for Gugu Promotions, a theatrical agency owned by TV host Gugu Liberato.

According to Prosecutor Heloisa Maluf, who is investigating Engesa's bankruptcy, Gugu Promotions is one of the firms interested in buying the company's old headquarters at auction. The company declared bankruptcy in 1993 after being one of the world's largest arms manufacturers.

The proceeds from auctioning off Engesa's assets will be used to pay its labor debts, which Heloisa estimates "at nearly $50 million."

Avibras avoided bankruptcy in 1991, but in 1993 the real increase in its operating revenue came to 9.2 percent (according to GAZETA MERCANTIL's "94/95 Annual Review").

The Avibras group's hope seems to be its subsidiary Tectran, which once manufactured the armored trucks used by the Astros system but now assembles Fruehauf street cleaning trucks (having acquired the patent for $3 million).

## Vargas To Study Creation of Lab Network

*95SM0163C Sao Paulo GAZETA MERCANTIL in Portuguese 9 Jan 95 p 10*

[Article: "Ministry Priority Will Be Nationwide Network of Associated Labs"]

[FBIS Translated Text] Over the next few months, Minister of Science and Technology Jose Israel Vargas is going to investigate the feasibility of establishing associated research laboratories. The labs would be accredited by research promotion agencies in accordance with their areas of expertise and would be provided with funds by the government, according to AGENCIA BRASIL.

In President Fernando Henrique Cardoso's proposal for government entitled "Hands to Work, Brazil," which was issued during the election campaign, the establishment of a nationwide network of high-level laboratories and research centers is listed as one of the national priorities for strengthening the country's scientific capability.

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Vargas said that no definite decisions had yet been made and that it would first be necessary to consult the scientific community, however, he recalled the president's interest in the matter. In announcing his cabinet, Fernando Henrique again referred to the importance of the associated laboratories in strengthening Brazilian universities.

Physicist Moyses Nussenszveig, author of the plan for the associated laboratories, explained that the purpose was to protect expert groups from the instability of the current mechanisms for supporting scientific and technological research.

Another feature of Nussenszveig's plan is its flexibility: a research group may consist of members of a single university department, several departments in the same university, or several universities and/or research institutes and even business firms. Hence the name: "associated laboratories."

**Funds for Investment**

Nussenszveig estimates that there are 5,000 researchers responsible for research groups in our country, a figure corresponding to one-third of all Brazilian researchers. When he drew up the plan in 1988, he estimated that an annual budget of $200 million would be required. Since it would not be possible to obtain that entire amount all at once, he worked out a five-year schedule beginning with $40 million the first year and ending with the full $200 million in the fifth year, a figure that would be continued from then on.

## Chile

### Official Discusses Ecuador, Peru Conflict

*PY0602182695 Santiago Television Nacional de Chile Imagen Internacional in Spanish 1700 GMT 6 Feb 95*

[Report by Maria Teresa Guerra from La Moneda Palace—live]

[FBIS Translated Excerpt] Ecuadoran President Sixto Duran-Ballen is scheduled to arrive in Santiago at 1700 [2000 GMT] this afternoon. However, there is no information yet as to what time he will be received for a private meeting by President Eduardo Frei. [passage omitted]

The meeting this morning of the ministers' political committee was devoted to hearing a complete report by the Foreign Ministry on the armed conflict between Peru and Ecuador that, in just a couple of weeks, has marred the image of peace that prevailed in the region.

[Begin Minister Secretary General of Government Jose Joaquin Brunner recording] We face a complex conflict that affects the entire region. Thus, any initiative at this moment in search of a peaceful solution will be endorsed by the Chilean Government providing it establishes the necessary conditions for an immediate cease-fire, a separation of the fronts in conflict, and finds the necessary conditions to restore a border coexistence between the two countries in conflict. [end recording]

Regarding the controversy stirred up by the alleged Chilean sale of weapons to Ecuador, Brunner denied that any private enterprise is supplying weapons to the countries in conflict.

### Ecuador's Duran-Ballen Meets Frei, Makes Statement

*PY0702014695 Santiago Television Nacional de Chile Imagen Internacional in Spanish 0000 GMT 7 Feb 95*

[FBIS Translated Text] Ecuadoran President Sixto Duran-Ballen is meeting with the media in the Carreras Hotel in Santiago. We have a direct relay by Cristobal Valenzuela:

[Valenzuela] Ecuadoran President Sixto Duran-Ballen just began his news conference. This is what he is saying, after having met with Chilean President Eduardo Frei:

[Duran-Ballen, in progress] ...the Latin American presidents and of the guarantor countries. I was in Brazil, Argentina, and now Chile. It was a quick trip. I left Quito at 1340 yesterday. I was received by Brazilian President Fernando Henrique Cardoso early this morning. After staying in Brasilia I left for Buenos Aires, where I was invited to lunch by Argentine President Carlos Menem [words indistinct], and I am just returning from meeting with President Eduardo Frei and some members of his cabinet who deal with international affairs.

The reason why the president of Ecuador decided to visit with the three guarantor countries is to convey the Ecuadoran point of view with regard to the conflict. You all know—because it has been reported by the media, the internationl media—about the reports disseminated as of 11 January [as heard] about a series of events concerning armed attacks, all of them—and I am categorical about this—against Ecuadoran military posts. The attacks were against around 10 posts, such as Condor Mirador, Los Tayos, Tihuinza, Base Sur, Soldado Monge, Teniente Ortiz, Etza, and some others. These are Ecuadoran military posts that were attacked by Peruvian forces, and we repelled the attacks. We never attacked any Peruvian military post. If any of you can give a single name of a Peruvian post we attacked, I would like you to tell me about it. The national and international media as of 11 January had not reported an Ecuadoran attack on a single Peruvian military post. This would prove—not because I am saying it, but because you members of the media said it—that all of the military posts attacked were Ecuadoran, and therefore we are not the aggressor, but Peru is. Peru is the one that attacked our posts as of 11 January.

It was reported a few minutes ago on Chilean television that President Alberto Fujimori once again—he said it two or three times before—said that Ecuadoran military forces have been evicted from the posts. I just checked with Quito—this is why I was a bit delayed—because I wanted to clarify this report. We have not been evicted from any place. Ecuador continues to resist the daily attacks against three, four, or six of the 10 posts every day. The attacks are by ground patrols, by helicopter bombings, and by the Air Force. But despite the attacks our soldiers are resisting at

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every one of these posts. But it is also worthwhile that I say something else. Some of the posts under attack are inside the so-called undemarcated zone.

[Valenzuela] That was part of the statement that Duran-Ballen is making to the media after meeting Chilean President Eduardo Frei. Duran-Ballen reiterated that Peru is the aggressor country. He continues to make his statement. He will leave for Ecuador tomorrow.

### Government, Businessman Deny Arms Sales to Ecuador

*PY0602122895 Santiago Television Nacional de Chile Imagen Internacional in Spanish 1000 GMT 6 Feb 95*

[FBIS Translated Text] The Chilean Government has denied that Chile recently sold weapons to Ecuador as stated yesterday in a Peruvian newspaper. Chilean Government officials reported that the last time Chile authorized exports of war materiel to Ecuador was 12 September 1994.

The Peruvian newspaper LA REPUBLICA yesterday reported that Chile allegedly sold weapons to Ecuador to confront Peruvian forces in the border conflict between the two countries. LA REPUBLICA published a report that Ecuadoran Hercules planes landed in Iquique to pick up weapons. The newspaper article mentions the weapons factory owned by Carlos Cardoen in Alto Hospicio, near Iquique.

According to LA REPUBLICA, 75 tonnes of weapons were transported from there to Ecuador aboard five flights. It adds that President Alberto Fujimori had said weapon sales to Ecuador are not the responsibility of the Chilean Government but of a private company.

When the Chilean Government learned of this newspaper article, it released a brief communique. In a public declaration read at La Moneda Palace today at noon, the Chilean Government deemed false that, during the armed clashes between Peru and Ecuador, Chile sold weapons to one of those two countries. The Chilean Government communique adds that under Chilean law, both the Chilean Government and the private factories that produce war materiel can trade internationally.

[Begin Secretary General of Government Jose Joaquin Brunner recording] In the specific case of the countries engaged in hostilities, a single authorization to export war materiel in the past year was granted by the Defense Ministry on 12 September 1994. No other weapon exports have been authorized since that date, either to Ecuador or Peru. The destination of the last weapon exports authorization was Ecuador. [end recording]

The Chilean Government communique adds that the delivery of materiel was carried out under normal international practices, the details of which are classified. The communique denies that the mentioned materiel should have been picked up in the Los Condores air base in Iquique or at any other base. It adds that the exported materiel, which was authorized by the Defense Ministry, is part of a contract signed between FAMAE [Army Ordnance] and the Ecuadoran Army in 1977.

The Chilean Government communique concludes by saying that Chile expresses its commitment to help end the hostilities between Peru and Ecuador.

Foreign Under Secretary Francisco Mariano Fernandez categorically denied that the Chilean Government sold weapons to Ecuador after the hostilities began.

I became foreign under secretary on 1 November 1994. Since then, no weapon sales have taken place to any Latin American country, much less to Peru and Ecuador.

Fernandez pointed out that during the Peru-Ecuador conflict, Chilean representatives in Rio de Janeiro, Lima, Quito, and in the Foreign Ministry in Santiago, have played their role of guarantors to help solve this conflict.

Meanwhile, in Vina del Mar, Interior Minister Carlos Figueroa reiterated that Chile has not sold weapons to Ecuador. He added that President Eduardo Frei will suspend his vacations to meet the Ecuadoran president and that he will also contact the Peruvian president.

[Begin recording] [Figueroa] President Frei will return either tonight or tomorrow morning from Puerto Aguirre, in the south, where he was spending his vacations. He will return because Ecuadoran President Duran-Ballen is touring Argentina, Brazil, and Chile. President Frei could not refuse to be present given the delicate situation between Peru and Ecuador. We do not know the agenda or reasons for President Duran-Ballen's visit. I imagine he will explain Ecuador's reasons for not accepting the proposal by the four countries guarantors of the Rio de Janeiro Protocol. We have no further details of his visit.

[Unidentified reporter] Is this an unexpected visit? Did you expect it?

[Figueroa] It is a totally unexpected visit. [end recording]

Meanwhile, businessman Carlos Cardoen asserted that his company has not done business with Ecuador for at least the past five years. During an interview with 24 Hours newscast, Cardoen acknowledged that contacts took place between his company and Ecuadoran military officers during the visit the Ecuadoran Defense Minister made to Chile last November.

[Begin Cardoen recording, in progress] ... not with the minister, but we maintain contacts with the Armed Forces of the countries interested in our products. This is not the case of Ecuador at the present. We probably sold goods to Ecuador many years ago, I cannot recall when, but I can assure you that for the past five or eight years we have not sold anything to Ecuador. This does not mean we are ruling out future sales, but I categorically deny the report in the Peruvian press that we sold or sent weapons recently to Ecuador under the current conflict between these two sister countries. [end recording]

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### Insulza Cites 'Obvious Mistakes' in Arbitration Ruling

*PY0302143695 Madrid EFE in Spanish 0048 GMT 31 Jan 95*

[FBIS Translated Text] Santiago, 30 Jan (EFE)—Chilean Foreign Minister Jose Miguel Insulza said today that the ruling by an arbitration tribunal, which assigned to Argentina the 530 square kilometers of the southern Laguna del Desierto territory, has "obvious and relevant factual mistakes."

The minister met this afternoon with the so-called Foreign Policy Council, which is made up of former foreign ministers, chiefs of staff of the Armed Forces, and specialists.

After the meeting, Insulza said a decision was made to reject the tribunal ruling because the mistakes noted by Chile show that it is "a wrong ruling" that was "influenced" by such mistakes.

The minister declined, however, to report the details of the two requests filed by the government of President Eduardo Frei, saying that "we are still working on the final aspects."

The requests for a partial revision of the ruling must be submitted to Latin American Arbitration Tribunal Secretary Rubem Amaral in Rio de Janeiro on 31 February. Amaral should hand over the documents to Colombian jurist Rafael Nieto, the tribunal president.

Insulza said he received the support of the Council, whose members represent various sectors and ideologies.

### Businessman Satisfied With Outcome of U.S. Zirconium Case

*PY0302174695 Madrid EFE in Spanish 0245 GMT 28 Jan 95*

[FBIS Translated Text] Santiago, 27 Jan (EFE)—Carlos Cardoen, a former Chilean manufacturer of weapons, reported on 27 January that the decision by the U.S. Teledyne company to pay a fine of $13 million for illegally exporting zirconium to Chile exonerates him of responsibility.

A Miami court on 27 January fined the U.S. company $13 million for illegally exporting 130 tons of zirconium to Cardoen Industries in Chile.

It was used by Cardoen to manufacture cluster or fragmentation bombs; 24,000 of which Cardoen sold to Iran in the 1980's.

The records show that for seven years, between 1983 and 1990, zirconium left the United States for Chile as material for mining purposes.

On 26 May 1993, the Miami Prosecutor's Office began a trial against the Chilean businessman, two of his employees, and two exporting companies from that country, for conspiring to violate the law on weapons exports.

In his first reaction to the fine, which has been accepted by Teledyne, Carlos Cardoen tonight said in Chile: "It is very encouraging for us to hear this because it exonerates us. We hope this will reduce the unjust U.S. Government persecution."

He added: "We were never responsible" for that deception. He added that the reason for the pressure against him was that the United States wanted him out of the arms deal.

He said: "Now everyone can see they have nothing with which to accuse or charge me or my companies."

It was reported from Miami, however, that the charges against Cardoen remain, and that once the trial ends his extradition will be requested. Cardoen's lawyer Roger Zuckermann said that now Teledyne has confessed, the charges against his defendant must be withdrawn.

Cardoen totally changed his businesses—suspending the manufacture and sale of weapons due to the UN embargo against Iraq in 1991 following the Persian Gulf war. He accused the United States of "administrative, commercial, and judicial persecution against him."

### Role of Exchange Controls in Crises Viewed

*95SM0162A Santiago EL MERCURIO in Spanish 16 Jan 95 pp B1, B4*

[Commentary by Francisco Garces, director of the International Economics Center of the Institute for Freedom and Development]

[FBIS Translated Text] Chilean economic authorities and officials of UN economic agencies have taken the opportunity afforded by the complex economic and financial situation in Mexico and its impact on other emerging Latin American economies to proclaim once again their support for exchange controls and continued restrictions on the capital account.

They suggest that the cause of Mexico's foreign exchange crisis is the fact that it did not have exchange controls or restrictions on the inflow and outflow of capital. In contrast, Chile has them, which means that it would be better protected in the event of a similar emergency. Therefore, the valuable safeguard of controls and government intervention in the Chilean economy's external sector is worth preserving.

Both the above analysis and the argument that exchange and capital account restrictions have a preventive or differentiating function are mistaken, and there is sufficient theoretical and empirical evidence to prove the point.

The main cause of Mexico's exchange rate crisis is excess spending in the economy, as is clearly shown by the numbers indicating that spending in the economy was outpacing GDP growth in the years preceding the crisis. Another cause was the expansionary fiscal and monetary policies that were pursued before the elections in August of last year; these policies brought about a recovery in the Mexican economy in the second and third quarters of last

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year when the economy showed a heavy (around eight percent of GDP) external imbalance in the current account of the balance of payments.

Excessive overall spending in the economy, in proportion to GDP growth, has been very closely related in recent years to the widening of the external gap in the current account during this period.

The second major influencing factor in Mexico's crisis is the politicizing of economic decision-making, in the sense that the economy was not slowed down by cutting spending either before or after the elections and that the decision to dampen the economy or to devalue was left up to the new administration of President Zedillo.

Another factor in Mexico's crisis is the fact that structural reforms were not completed. These reforms were supposed to bring Mexico closer to a market economy, to make the economy more efficient and internationally competitive, to reduce the role of the public sector through privatizations and deregulation, and, in a word, to diminish the hybrid (centrally run/market) character of the economy that is preventing Mexico from effectively integrating into the world economy and, moreover, from generating enough internal savings to finance economic growth.

The plans by senior officials in the previous administration to address the spending and current-account imbalance clearly show that decision-making became politicized. So does the fact that Mexico's independent Central Bank was unable to fully exercise its autonomy and perform its function of maintaining internal and external monetary stability.

Government exchange, wage, price, and other controls are of no use when there are substantial macroeconomic imbalances in an economy and when domestic savings are inadequate, which is the case in Mexico. Its level of internal savings is far below that of the Asian economies and a mere fraction of the domestic savings that Chile generates because its structural reforms are farther along. Exchange and capital-flow controls are useful only for very short periods, while fundamental economic measures are being taken, because they are quickly overridden by the market, which has become global. After this brief period, exchange and capital controls lead to inefficiency, the misallocation of resources, and adverse effects on competitiveness.

Chile used to have many exchange controls on the current and capital accounts of its balance of payments and for years, until the early 1970's, suffered chronic exchange crises and was constantly signing standby agreements with the International Monetary Fund to overcome them. All of them had appalling economic and political results.

If exchange and capital controls were at all effective on an empirical level, the OECD would recommend them to its members, which are the biggest economic success stories on the planet. Yet for theoretical and empirical reasons it has chosen to forbid them among its members.

Mexico could make no worse strategic error than to try and solve its exchange and financial crisis by placing controls on the exchange rate, wages, and prices and by nationalizing the financial sector, because the outcome in today's global economy would be a resounding failure, with an extremely high social and economic cost and very negative effects on the rest of Latin America.

The difference between Mexico and Chile as regards the soundness of their economies and their international standing does not have to do with the fact that Chile's controls are tighter than Mexico's; this works to Chile's disadvantage. The difference lies in our country's superior macroeconomic equilibria, its greater domestic savings, and its more advanced structural development, all of which began as part of a very serious effort a decade ago.

## Potential of Biotechnology Industry Outlined

*95SM0162B Santiago EL MERCURIO in Spanish*
*5 Jan 95 pp B1, B14*

[Article by Laura Garzon O.]

[FBIS Translated Text] It is difficult for a country to escape the stigma of being an exporter of raw materials, especially if it has been efficient and successful. Chile, however, is making an effort to add value to its products and to sell them in the most demanding markets.

One example is the biotechnology industry, a new field in which our country is beginning to enter foreign markets with the support of agencies such as EuroChile and Pro Chile.

As Rafael Vicuna, a professor at Catholic University and a EuroChile adviser, explains, biotechnology is the use of organisms or parts thereof to produce goods or deliver services. It is also defined as the use of living matter in the production sector.

Its most traditional areas are the pharmaceutical and foodstuffs industries, although applications are emerging in the fields of health (vaccines and diagnostic reagents), agriculture (the biological control of pests and plant reproduction), and fishing.

There are also new branches having to do with textiles, forestry, and mining, in the search for more efficient processes.

According to EuroChile estimates, the biotechnology market recorded worldwide sales of $7 billion in 1993. By the end of the century sales will be some $60 billion.

In Chile, meanwhile, the 25 or so companies in this field, many of them linked to multinationals, do about $60 million in business a year.

Carl-Heinz Becks, the president of EuroChile, emphasized that the hallmark of the international biotechnology industry, which started growing in the 1970's, is that around three-fourths of the companies are small, employing fewer than 50 workers.

"The important thing is research capacity, creativity, rather than major investments in infrastructure," he indicated.

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### Scientists and Businessmen

According to EuroChile estimates, around 400 scientists in our country are involved in biotechnology. Very few are working to commercialize their products or discoveries.

"EuroChile's big accomplishment here has been to show that national biotechnology can transcend academia and move successfully into the production sector," Vicuna noted.

At present the foundation, which was created by the Chilean Government and the European Union, is pursuing an intensive program to identify biotechnology projects in the country that can lead to exports to the Old World or that will enable Chilean and European firms to set up joint ventures.

Some 150 proposals are being considered, and 30 have a very good chance of being implemented. Among them Becks mentioned a Chilean company that produces phycocyanine, a dye that is extracted from an alga and used in the food and cosmetic industries. The worldwide production of this item stands at 1,500 tons, with a market of $225 million.

He also singled out the extraction and processing of saponine, which is taken from the quillay and used in cosmetics and photography and to produce animal vaccines. A kilo of this product costs between $32 and $105, and the Chilean company involved in the project can export around $1.2 million worth of it.

Negotiations with European firms are moving forward in cases such as these, now that EuroChile has taken part in the German biotech fair, which is expected to close in the next few months.

In Vicuna's judgment, Chile has great potential for exporting biotechnology and enjoys a broad comparative advantage in Latin America because of its research capacity and raw materials; this potential should therefore be channeled into the use of natural resources in fields such as diagnostic reagents, animal and human vaccines, and industries like forestry, mining, aquaculture, foodstuffs, and cosmetics, among others.

### Incipient Exports

According to EuroChile figures, the exports of Chilean biotechnology firms are close to $10 million a year. They include natural products such as food and cosmetic additives, diagnostic reagents and kits, and vaccines.

The main export markets are Latin American countries such as Peru, Bolivia, Ecuador, Brazil, and most Central American nations. There are smaller shipments to Europe, Japan, and the United States.

The Middle East is an emerging market that was identified in the wake of a mission organized by ProChile's medical inputs and equipment committee. Many companies are now finalizing contracts with Jordan, Saudi Arabia, and Turkey, to mention some major nations.

## Regional Environmental Commission Formed

*95WN0086A Santiago EL MERCURIO in Spanish 20 Jan 95 p C7*

[FBIS Translated Text] The specialized unit of Sofofa [Industrial Development Association] stated yesterday that the government lacks sufficient human and technical resources to enable it to evaluate and oversee the environmental impact studies that the Basic Environmental Law requires of all the nation's industries.

The Metropolitan [Santiago] Corema (Regional Environmental Commission) was also formed yesterday. Its creation is authorized in Article 81 of the aforementioned law, which takes effect next March.

Anibal Mege, chief of Sofofa's Environmental Department, said yesterday that the law was "quite good." He added, however, that although the law will soon go into full effect, the business community still holds divergent views regarding specific points in the regulations that must be issued in order for the law to be implemented.

Mege maintained, for example, that the environmental impact study is "controversial" in respect to the regulations as they apply to standards and plans, because of the difficulty encountered in developing the proposals that the industrial sector must submit to Conama [National Environmental Commission] concerning these regulations no later than 31 January.

The questions being asked by the business community relate to technical and practical mechanisms such as deciding who will make the final determination as to the standards, the content of the standards, and the environmental permits.

Mege also emphasized that the controversy in the area of regulations relates solely to the manner of resolving the differences, because there is a consensus with respect to the need for a law regulating man's behavior toward his environment.

He explained that the principal problem in connection with the environmental impact studies is whether the government has the capability it needs in order to accept and evaluate the large number of studies that it will receive after the law goes into effect.

In this connection, he said it is quite likely that because of the insufficiency of personnel, recourse must be had to private companies—properly qualified—to cooperate in reviewing the environmental impact studies.

He also warned that the state does not have sufficient supervisory capability, as expressed in a lack of the personnel, instruments, and budgetary resources needed in order to efficiently investigate those factors or sources of pollution that are daily becoming more prevalent.

Mege said the investment made by the business community in order to attenuate the negative effects of industrial activity on the ecosystem is difficult to determine, inasmuch as it varies in accordance with the needs of the

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individual enterprises. He hastened to add, however, that the total investment made by the public and private sectors in this area probably exceeds $840 million.

**Corema**

Meanwhile, another step was taken yesterday toward establishing the structure prescribed in the Basic Environmental Law with the formation of the Metropolitan Corema.

Article 81 of the law calls for the creation of such commissions to oversee compliance with the standards, especially as they relate to the aforementioned environmental impact studies.

Santiago Mayor Alex Figueroa is the chairman of the Corema, which also consists of the governors, four regional board members, the Conama regional director, and the regional secretaries of the ministries of Public Works, Agriculture, National Resources, Health, Mining, Housing, Transportation, and Planning.

Javier Vergara, former executive secretary of the Special Commission on Environmental Cleanup, was elected unanimously to the post of director general of the Metropolitan Corema.

Angel Flisfisch, undersecretary general of the presidency, said that the creation of the Corema has special importance because "it seeks to bring the management of the environmental problem to the people who are directly affected."

Flisfisch explained that what is involved is not merely a change of name but the consolidation of "an agency that has made great efforts to improve the quality of life of the people of Santiago."

## Colombia

### Foreign Relations Minister To Meet U.S. Officials

*PA0702023295 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GMT 7 Feb 95*

[From the "Seven O'Clock Newscast"]

[FBIS Translated Text] Colombia Foreign Relations Minister Rodrigo Pardo did not go the United States on 6 February, as had been previously reported. Within the next few days, however, he will meet with several U.S. State Department officials in the United States. On 6 February, he spoke about the U.S. ambassador's position on Colombia and on the statements our ambassador to the United States made.

[Unidentified reporter] When Ambassador Myles Frechette presented his credentials to former President Cesar Gaviria, he said a number of positive things that now sound rather unbelievable.

[Begin Frechette recording] We never agreed with what Senator Jesse Helms said. This is because we oppose this sort of thing and because we are working to determine whether we can obtain support to ensure that the joint session by the Chamber of Deputies and the Senate will make this issue disappear. This issue is not helping one bit. [end recording]

[Reporter] Foreign Minister Pardo criticized the gringo ambassador's attitude when he made public his opinions on Colombia in the United States.

[Begin recording] [Reporter] Are you questioning the style in which these statements were made public?

[Pardo] Well, yes. I believe diplomatic channels are usually more appropriate for statements such as these. [end recording]

[Reporter] It seems Ambassador Frechette's indiscretion prompted our ambassador to the United States, Carlos Lleras De la Fuente, to issue some statements. Minister Pardo, who is Lleras' boss, slapped him on the wrist upon hearing his remarks.

[Begin Pardo recording] I do not agree with several terms used by the ambassador. I do not believe these terms are considered part of the diplomatic vocabularly. [end recording]

[Reporter] The truth is that in problems such as these between the United States and Colombia, the only thing that remains clear is that unless there is cooperation in the eradication of drug trafficking, the fight against drugs will become more difficult, if not impossible.

### Prosecutor's Office Discovers Tapped Telephone Lines

*PA0602165895 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GMT 4 Feb 95*

[From the "Seven O'Clock Newscast"]

[FBIS Translated Text] Approximately one month ago, National Police, DAS [Administrative Department of Security], Army, and top government authorities advised the Prosecutor General's Office of the Republic of their suspicions that many of their telephones were tapped. Those suspicions prompted prosecutors today to conduct simultaneous operations in Cali and Santa Fe de Bogota telephone companies. The results were more than surprising.

Hundreds of telephone lines of all types were illegally tapped. In the offices of the Cali and Santa Fe de Bogota telephone company, investigators found information and telephone lists that coincided with the tapped telephones. Hence, one can surmise the large-scale espionage of state security agencies was organized by the employees of the telephone companies.

According to spokesmen for the Prosecutor General's Office, the Cali Cartel is behind the espionage, because lists of telephones belonging to people who are facing counts of drug trafficking were found. Warrants for the arrest of employees of the companies involved in this offense will be

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issued next week although there were no arrests. An emergency was declared on the telephone systems of all the state organizations.

## Ecuador

### Assembly President Leaves for U.S. To Explain Stand

*PA0702004895 Quito Voz de los Andes in Spanish 2130 GMT 6 Feb 95*

[Report by Edwin Chamorro; from "The Voz Andes Newscast"]

[FBIS Translated Text] Good afternoon, ladies and gentlemen, this recent information has just been received from the Government Palace.

A few minutes ago National Congress President Heinz Moeller just came out of the Government Palace and announced that a diplomatic commission has been appointed to travel to the United States. In addition to Moeller, the commission also includes former Finance Minister Mario Rivadeneira, and former Foreign Minister Diego Cordovez.

Tomorrow the commission will be traveling to the United States where it will be meeting with several senior U.S. officials to explain Ecuador's position in this conflict with Peru and thus support President Sixto Duran-Ballen's efforts in Argentina, Brazil, and Chile.

Now let us listen to Heinz Moeller with respect to this diplomatic mission preparing to travel to the United States of America.

[Begin recording] [Moeller, in progress] ...heading a commission that will also include Mr. Mario Rivadeneira, the former Ecuadoran ambassador in the United States, and former Foreign Minister Diego Cordovez, who will be joining us in New York. As of tomorrow we will be in Washington to meet with senior congressional leaders from the Senate Foreign Relations Committee, and most surely with executive branch officials. The decision to travel to the United States was made early this morning. We believe, and so does President Duran-Ballen, that it is important for a high-level commission to travel to Washington to explain the Ecuadoran position.

[Unidentified reporter] Mr. Moeller, what do you expect to accomplish with this mission?

[Moeller] The same things we have accomplished with all the other international contacts we have engaged in. At this time our diplomatic initiatives are very active. We Ecuadorans are aggressively seeking to explain to the international community, especially the hemispheric community, the reality of our rights, the legality of our position, and the truth. In the other aspect of the conflict, the aggressors are evidently our southern neighbors. Nevertheless, in this endeavor we are determined to convey a persuasive message that Ecuador is prepared to sit down at the negotiating table, that we are not going to capitulate in the face of military pressure or blackmail, and that we are prepared to listen to reason. We believe that Washington is still not well-informed at the congressional and executive level on the reality of what is taking place at the Ecuadoran-Peruvian border. That is the reason why we will be traveling in one hour from the [words indistinct] Air Force Base.

[Reporter] Do you believe that President Clinton will receive the Ecuadoran delegation? Will you at least try to meet with him?

[Moeller] No, we do not intend to try to meet with him. We do not believe that this will be necessary. However, we have been able to arrange a meeting with the U.S. National Security Council, President Clinton's most immediate advisers on national and international security issues. We believe that we have gained access to a high enough level in the United States—a guarantor nation—that will allow the formation of an opinion with respect to the fairness of Ecuador's position. We are really unable, because of national honor and dignity, to accept what the guarantor nations have so far proposed.

[Reporter] Was this decision to travel made because Mr. Alexander Watson would seem to be a very impartial mediator?

[Moeller] I believe that the international community is conducting itself in accordance with norms that specifically regulate this type of conflict. We are moving from the local, to the regional, and then to the international level. In other words, yes, following the personal contacts, we have moved to meetings in Brazil. There will be meetings in Brasilia as of today, and shortly you will be notified of what took place there through bulletins from the Foreign Ministry, or from the Presidency of the Republic. Nevertheless, we must continue our efforts. The least we—those of us who hold positions of responsibility—can do is to rise to the occasion, just as our soldiers are doing, and to do our utmost to convince the international community of the truth as we see it. Of course, no one can ignore the fact that Washington is a very crucial place to which we must travel.

[Reporter] Is the United States pressuring Ecuador into signing the document Peru says it has already signed?

[Moeller] We have not felt any such pressure. I say this with all sincerity. We have felt no pressure. The guarantor nations made a proposal which is obviously unacceptable to Ecuador. Nevertheless, we are about to present a counterproposal, and it is for this reason that the struggle continues in the diplomatic arena. We are also ready to try to convince the presidents of Brazil, Argentina, and Chile why the formula proposed is unacceptable to Ecuador. This is the reason the president is there at this time. It is quite possible that the guarantor nations, on their own initiative, will come up with another proposal, because efforts by these nations have not been suspended. The negotiations are still going on. Of course, unfortunately, aggressive actions by Peru continue.

[Reporter] Does the Ecuadoran commission expect to be [word indistinct] by the full U.S. Congress?

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[Moeller] It is more than enough to be heard by the Senate and House Foreign Affairs Committees. Issues are dealt with by the U.S. Congress in this manner, and we must understand the constraints under which U.S. legislators are operating. However, the contacts we have been able to establish give us to hope that we will be received at the required senior levels, and this is good enough. [end recording]

### Government Denies Reports of U.S. Pressure

*PA0702012595 Quito Voz de los Andes in Spanish 2338 GMT 6 Feb 95*

[Official statement issued by the State Communications National Secretariat in Quito on 6 February]

[FBIS Translated Text] With regard to an international news agency report to the effect that Ecuador is under pressure from the United States to sign an agreement that will end its current problems with Peru, the national government has announced that government communiques and duly authorized statements by government officials can be viewed as the Ecuadoran Government's official position.

Therefore, the government states that no other source reflects its views. An official communique was published yesterday in which the president of the Republic of Ecuador, Sixto Duran-Ballen, thanked the guarantor countries, including the United States, for their efforts to restore peace and resolve the conflict between the two countries.

### Official Leaves To Head Delegation at Brasilia Meeting

*PA0602192195 Quito Voz de los Andes in Spanish 1714 GMT 6 Feb 95*

[Bulletin issued by the Foreign Ministry in Quito; date not given]

[FBIS Translated Text] The Ecuadoran Embassy in Brazil reports that after the guarantor countries of the Rio de Janeiro Protocol agreed to transfer to Brasilia the high-level meeting that started on 30 January, Ambassador Marcelo Fernandez de Cordova, the Ecuadoran foreign relations secretary general, traveled to that city to head the Ecuadoran delegation, as he had done in Rio de Janeiro.

The Ecuadoran Embassy reaffirms, on behalf of its government, the firm determination of all Ecuadoreans, led by Sixto Duran-Ballen, to establish an immediate cease-fire and the suspension of all war actions at the Ecuadoran-Peruvian border through this high-level meeting. Thus, the Ecuadoran delegation is already in Brazil and will be there as long as necessary to restore normalcy at the Ecuadoran-Peruvian border.

The Ecuadoran foreign relations secretary general will meet with his counterpart at Itamaraty this afternoon. President Sixto Duran-Ballen made a brief visit to Most Excellent Brazilian President Fernando Enrique Cardoso at the Planalto Palace yesterday afternoon. During that meeting, the Ecuadoran president expressed to the Brazilian president the deep concern of the Ecuadoran people and government over the permanent attacks on several military posts along the Peruvian border.

He also voiced Ecuador's firm determination to achieve first an immediate cease-fire to end the loss of invaluable human lives and his wish to hold talks and negotiate border problems with Peru. President Duran-Ballen thanked President Cardoso for receiving him and immediately left for Argentina and Chile.

### Government Still Evaluating Guarantors' Cease-Fire Plan

*PA0702042795 Madrid EFE in Spanish 0323 GMT 7 Feb 95*

[FBIS Translated Text] Quito, 6 Feb (EFE)—Ecuador today explained "it has not rejected" the cease-fire proposal with Peru, which was presented in Rio de Janeiro by the conflict mediators—Argentina, Brazil, Chile, and the United States.

An official communique issued in Quito at 2130 on Monday (0230 GMT on Tuesday) points out that the Ecuadoran Government is still "evaluating the proposal."

The communique says: "Ecuadoran Foreign Minister Galo Leoro reiterated once again that Ecuador has not rejected the draft agreement given to Ecuador and Peru for review by the guarantor countries."

It adds: "It is a draft agreement that both countries could accept, modify, or reject. As for Ecuador, it is evaluating the agreement."

### Diplomatic Efforts Have 'Yet To Yield Results'

*PA0702135795 Quito Voz de los Andes in Spanish 1200 GMT 7 Feb 95*

[From the "The Voz Andes Newscast"]

[FBIS Translated Excerpt] Diplomatic contacts abroad have yet to yield results despite the intense efforts and trips by President Sixto Duran-Ballen and other Ecuadoran delegations. The president visited Brazil, Argentina, and Chile yesterday and explained to the presidents of those countries the border dispute Ecuador is facing with Peru. The Argentine and Chilean presidents strongly pledged to find a peaceful solution to the conflict. [passage omitted]

### Duran-Ballen: Cease-Fire Signing in 'Matter of Hours'

*PA0702140495 Madrid EFE in Spanish 1243 GMT 7 Feb 95*

[FBIS Translated Text] Quito, 7 Feb (EFE)—Ecuadoran President Sixto Duran-Ballen announced today on the telephone from Chile that his government has presented reforms to the agreement presented by the guarantor countries. Therefore, the signing of the ceaes-fire document could be in a "matter of hours."

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This, he said, will be achieved "if there is good will in Peru and if the guarantor countries (Argentina, Brazil, Chile, and the United States) really carry out their work impartially.

### Indian Group Urges OAS, UN Intervention in Conflict

*PA0702031095 Madrid EFE in Spanish 2228 GMT 6 Feb 95*

[FBIS Translated Text] Quito, 6 Feb (EFE)—Luis Macas, president of the Confederation of Indian Nationalities of Ecuador (CONAIE), today urged the OAS and the United Nations to intervene in the Ecuadoran-Peruvian conflict.

"One of the responsibilities of international organizations such as the OAS and the United Nations is to intervene to guarantee peace between the different countries of the world," Macas pointed out in a CONAIE communique.

"It is not possible for these organizations to wait for the (Ecuadoran-Peruvian) conflict and civilian casualties to escalate along with destruction, disease, famine, and death," the communique added.

Macas noted, "Ecuador's Indian nationalities repudiate all sorts of belligerent confrontations," and they deplore that "our Shuar, Achuar, and Quichua brothers are in the middle of Peruvian attacks."

The Achuares, Shuares, and Quechuas—three of the Indian groups inhabiting Ecuadoran territory—can also be found in Peru, mainly in the region where both countries are fighting. Approximately, 40 percent of Ecuador's population is Indian.

In the CONAIE communique, Macas stressed: "The Indian communities are convinced of the need, first, to create human borders by legalizing our ancestral territories, and, second, to distribute resources to be used in developing the border region—both issues that are important to guarantee peace."

In addition, the CONAIE president demanded "Red Cross attention to reach those Indian communities that are displaced throughout the jungle" because of the conflict between Peru and Ecuador.

Hundreds of Indians gathered today in Quito in front of the Presidency and, amid shouts in the Quechua language of "Viva Ecuador, death to Peru," their leaders threatened in the Jivaro language to shrink Peruvian President Alberto Fujimori's head.

Among those present during the rally was King Luis Felipe Duchicela XVIII, a direct descendent of the mythical Incan King Atahualpa, and also secretary for Indian Affairs of the Ecuadoran Government.

The Indians gathered in Quito's Plaza of Independence mostly comprised Quechuas, Achuares, and Shuares. They warned that if Ecuador and Peru failed to reach to a peace agreement soon, they would declare war on the neighboring country.

This past weekend it was learned that the first Indian casualty of the conflict, Ecuadoran Shuar German Pitiur, had been killed at the front.

According to official estimates, today's Indian rally was the most well-attended of all rallies that have taken place in Quito during the past days in support of Ecuadoran President Sixto Duran-Ballen, his administration, and the Armed Forces on occasion of the armed conflict with Peru that began on 22 January.

### Peruvian Troops Said To Carry Out Fierce Attacks

*PA0602172395 Mexico City NOTIMEX in Spanish 1546 GMT 6 Feb 95*

[FBIS Translated Text] Quito, 6 Feb (NOTIMEX)—Peruvian troops, supported by helicopter gunships, carried out increasingly fierce attacks against Ecuadoran posts in the area of conflict in the last few hours, it was learned here today.

"The clashes raged throughout 5 February," stated Captain Fidel Araujo, an officer stationed in Patuca, headquarters of Ecuador's Condor Brigade, the supply center located closest to the theater of hostilities.

The Ecuadoran military man added this Sunday's attacks were more fierce than those carried out in previous days but said he could not confirm reports that Peruvian troops were using heavy artillery.

The most recent official bulletin issued yesterday by Ecuador's high command stated that Peruvian attacks on Ecuadoran detachments worsened but reiterated they remain under the control of its Army, "which has defended them successfully."

The Guayaquil newspaper EL UNIVERSO has affirmed that Base Sur, Cueva de los Tayos, Coangos, and Tihuinza are the Ecuadoran detachments that have come under increased attack by Peruvian troops.

Ecuadoran reporters posted in the area of conflict have reported the arrival of wounded to the supply military posts.

Ecuador's high command stated last night that the number of fatalities among Ecuadoran ranks rose yesterday to 10 and that there were 16 injured and two missing soldiers.

Peruvian troops have infiltrated Cueva de los Tayos, Tihuinza, and Coangos with the purpose of breaking the "Ecuadoran monolithic strategic structure," EL UNIVERSO has reported, adding civil resistance brigades are taking food supplies to the combat area.

The scenario where the hostilities are taking place is a mountainous jungle area where land settlers, many of them Indians, live and farm the land. Ecuadoran military sources insist these people are trained to carry out resistance operations in the event of an armed conflict.

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Meanwhile, the daily HOY has reported that approximately 300 soldiers with food and medicine left last night from Condor Base to the combat area.

Heavy air transportation movement took place yesterday in this base near Base Sur, another one of the surveillance posts besieged by the Peruvian troops in the conflict area according to the same morning daily.

Meanwhile, the Quito daily EL COMERCIO has reported 120 soldiers from troops specialized in jungle combat were sent from the Taura Air Base located in the southwestern Guayas Province.

Meanwhile, EL UNIVERSO has reported the Galapagos Armored Brigade, in the central province of Andean Chimborazo, is filled to capacity with the reserves who heeded the call made by the Ecuadoran Armed Forces. The daily added that retired officers have returned to active duty to replace those who left for the front line.

### Communique: Armed Forces Maintaining Positions

*PA0602184195 Madrid EFE in Spanish 1754 GMT 6 Feb 95*

[FBIS Translated Text] Quito, 6 Feb—The Ecuadoran Armed Forces reiterated today it is maintaining all its positions along the border with Peru, thus contradicting reports from Lima stating Ecuadoran soldiers only control one detachment. The Ecuadoran Armed Forces also reported new attacks against places outside the conflict area.

"At 0530 today (1030 GMT), the Ecuadoran detachment of Condor Mirador was bombed by the Peruvian Air Force, which is once again expanding its operations to installations located outside the conflict area," stated a communique issued by the Armed Forces Joint Command.

The communique also mentioned attacks on the detachments of Cueva de los Tayos, Base Sur, and Tihuinza and added "the Ecuadoran Army has successfully defended itself throughout the area and has repelled the constant attacks, maintaining its positions without any changes."

According to the Joint Command communique, Ecuador's casualties included "10 killed in action and 26 wounded up until 0800 (1300 GMT."

### Armed Forces Issue Bulletin on Peruvian Attack

*PA0602190995 Quito Voz de los Andes in Spanish 1744 GMT 6 Feb 95*

[FBIS Translated Text] This is official news bulletin No. 17 issued by the Ecuadoran Armed Forces Joint Command on 6 February and signed at 1200. It reads:

1. During yesterday afternoon and evening, Peruvian military forces executed a nonstop attack on the military detachments and troops located in the area of Cueva de los Tayos, Base Sur, and Tihuinza, in an effort to try to infiltrate patrols in the headwaters of the Cenepa River. They were trying to consolidate positions so as to have a presence in the area.

2. Ecuadoran troops successfully defended themselves throughout the sector and repelled the constant attacks by maintaining their operations without any change.

3. The area's casualty toll was as follows up to 1200 today: 10 killed in combat and 26 wounded.

4. Peruvian aviation bombed Ecuador's Condor Mirador Detachment at 0530 today, again expanding the operations and installations located outside the conflict zone.

5. The Navy is stepping up its air and sea exploration, as is the Air Force within its air space. It is signed by the Ecuadoran Armed Forces Joint Command.

### Congress Issues Communique Condemning Attacks

*PA0702030995 Quito Voz de los Andes in Spanish 0130 GMT 7 Feb 95*

[FBIS Translated Text] The Ecuadoran Congress has condemned the attacks by the Peruvian Armed Forces against Ecuadoran detachments in an area that has not been delimited in the Amazon.

It described these attacks as an aggression threatening peace in Latin America. The Peruvian aggression endangers peace in the region and disregards all international principles of peaceful coexistence and peaceful resolution to disputes, a communique of the Ecuadoran Congress stated.

### Strategic Importance of Condor Range Viewed

*95SM0172B Quito HOY in Spanish 16 Jan 95 p 4A*

[Article by Benjamin Ortiz Brennan: "The Condor, Strategic Priority"]

[FBIS Translated Text] The Condor mountain range, located in the area of the Rio Protocol that has not been delimited, has become a source of potential tensions because of its mineral resources, combined with the fact that the boundary line has yet to be fully drawn.

Ecuador and Peru have granted mining leases for the exploration of the resources hidden there to companies in which their respective Armed Forces are also partners, and these companies are at work on both slopes, in keeping with the status quo in the region.

According to experts in this field, the resources are so abundant that there would be enough for everyone (someone has compared them to a lump of gold). This does not mean that this is not a dangerous zone, since the legal uncertainty could tempt one of the parties into asserting its interests by force.

Nonetheless, the national situation and the international context facing the two countries are such that neither should embark on that sort of escapade.

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Peru is emerging slowly from one of the worst crises imaginable, in which the pitiless scourge of terrorism was compounded by virtual economic collapse. Now, with Shining Path retreating and the economy convalescing, Peru's political interest seems to lie in maintaining the support of the international organizations that are behind its recovery, and they would not tolerate military adventurism.

Moreover, Fujimori is on the way to certain reelection, and although an international conflict could boost his standing, some say, it would create imponderables that he does not need to bring into play.

For its part, Ecuador knows that it cannot even consider the use of force simply because it is a much smaller country than its neighbor. At best its military strength may serve as a deterrent.

Ecuador and Peru made progress in seeking a compromise that would enable them to define a border once and for all, after they put behind them the Pachacutec incident, which had to do with the establishment of a military post.

President Alberto Fujimori's self-proclamation as a virtual dictator for almost a year detracted from his legitimacy in spurring the process. What is more, the political opposition used the rapprochement with Ecuador to attack Fujimori, who by that time had fully consolidated his position and offered no other weak flanks to resentful politicians.

In Ecuador meanwhile, support for the idea of arbitration, which paved the way for negotiations, weakened somewhat after the change of government.

Given these opportunities and limitations, the decisive role of the United States, today's only superpower, needs to be considered. The United States wants an economic recovery in Latin America in order to ease immigration pressures and broaden its export potential. A border war has no place in this plan.

The crisis in Mexico is enough, as it has undermined the validity of the free-market program sponsored by the Washington Consensus. It cannot permit Peru, which is emerging from the abyss thanks to U.S. aid and IMF prescriptions, and Ecuador, which is loyally taking the medicine, to become embroiled in a major conflict.

On the home front, Ecuador ought to update its strategic objectives and pay more attention to the part of the Condor range that remains in its hands, where there is greater wealth than in its northeastern oil wells. This means pursuing a policy that will lead to a respectable demarcation of the border to prevent infiltrations and conflicts that, while minor, carry huge risks.

### Commentary Views Origins of Border Conflict

*95SM0172A MINISTRY OF FOREIGN AFFAIRS GOPHER in Spanish 1 Feb 95 pp 1-2*

[Commentary from Guayaquil EXPRESO by Jorge Perez Concha 25 Jan 95 p 1]

[FBIS Translated Text] 25 January 1995—Although this is an issue that ought to be on the minds of all Ecuadoreans, I do not think that there is any harm in recalling the cause of the tensions that have flared up every so often between Ecuador and Peru after the invalid Rio de Janeiro Protocol was signed in 1942.

The fact is that once the Zamora-Santiago divortium-aqurium [sic] had been established as one of the reference points for demarcating the border, the Aerial Mapping Service of the United States of America confirmed, in 1947, that this divortium-aqurium does not exist inasmuch as between the two rivers that purportedly form it there is another called the Cenepa, which begins in the Condor mountain range, runs for 160 kilometers, and then empties into the Maranon.

Against this backdrop, the Quito Foreign Ministry proposed to the Lima Foreign Ministry on 15 September 1949 that a special joint commission look into the problem. Unfortunately, Peru said no, arguing that all that was needed was to draw the border in accordance with the ruling that arbiter Diaz de Aguilar had issued. There was a contradiction here, inasmuch as his ruling, issued on 15 July 1945, referring to the northern section of the area in question, could not have included features in the southern section of the same area because they did not become known until 27 February 1947, when the aforementioned aerial mapping service revealed the results of its work. Under these circumstances, after another complaint by the Quito Foreign Ministry on 25 March 1950, which again led to migration, the issue was brought before the guarantor States of the Rio de Janeiro Protocol. At a meeting on 14 September of the same year they resolved to commission Brazil's foreign minister, Raul Fernandez, to find an arrangement that would reconcile the interests of the two parties.

Fernandez conceived the idea of moving the Ecuadoran border forward to the Santiago River and, when it empties into the Maranon, of following its waters up to the meridian that crosses the San Francisco stream. Peru did not accept this. As a result, the guarantor States proposed on 16 May 1956 that a new map of the Zamora-Santiago zone be drawn up, entrusting this work to the Inter-American Geodetic Survey, which enjoys continentwide prestige. This proposal was also rejected by Peru, which said eight days later that this procedure could serve as a pretext for encouraging "an absurd revisionist theory."

Consequently, the Rio de Janeiro Protocol cannot be executed. This has created problems that will continue to crop up as long as the above issue is not resolved. Also, under a capricious interpretation of the ruling issued by Diaz de Aguilar, Peru has stationed a military detachment in a place called Pachacutec, which Ecuador regards as within its territory.

## Paraguay

### New Armed Forces Structure Announced

*PY0602165895 Asuncion ABC COLOR in Spanish 5 Feb 95 p 3*

[FBIS Translated Excerpt] Military sources on 4 February pointed out that Division General Oscar Diaz Delmas, who

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has been named chief of the Joint Staff by President Juan Carlos Wasmosy, has less years of service than Army Commander in Chief Division General Lino Cesar Oviedo. They added that in other countries this would have caused the retirement of the more senior officer.

The new structure of the military:

Commander in chief of the Armed Forces: President Juan Carlos Wasmosy.
Command of the Military Forces: Division General Silvio R. Noguera, who was promoted on 14 May 1992.
Chief of the Joint Staff: Division General Oscar Diaz Delmas, who was promoted in 1993.
Commander in chief of the Army: Division General Lino Oviedo, who was promoted on 14 May 1992.
Commander in chief of the Air Force: Division General Cesar Cramer, who was promoted on 26 December 1994.
Commander in chief of the Navy: Vice Admiral Guillermo Lopez Moreira, who was promoted on 26 December 1994. [passage omitted]

### President Names New Armed Forces, Congress Coordinator

*PY0702113995 Asuncion ULTIMA HORA in Spanish 6 Feb 95 p 5*

[FBIS Translated Excerpt] Colonel Carlos Ovando, director of Social Communications of the Military Forces, has confirmed that President Juan Carlos Wasmosy has named Vice Admiral Andres Legal Basualdo as the new coordinator between the Armed Forces and Congress.

The military spokesman said Legal Basualdo was named on 1 February and he will carry out his functions in addition to his current post as commander of the National War School. The vice admiral replaces General Silvio Rafael Noguera, who has been named commander of the Military Forces. [passage omitted]

### Outgoing Military Forces Commander on 'Difficult Moments'

*PY0602170995 Asuncion ABC COLOR in Spanish 4 Feb 95 p 2*

[FBIS Translated Text] Retiring from the Armed Forces, Vice Admiral Eduardo Gonzalez Petit on 3 February publicly acknowledged that there were "difficult moments and times of crisis" within the forces while he was commander of the Military Forces. He stated that in the face of these circumstances President Juan Carlos Wasmosy demonstrated "authority" and "capability." Although he did not specify any determined crisis, he was interpreted as referring to the disagreement during December 1994 between General Lino Oviedo and the chief of state. Gonzalez Petit emphasized that the crises helped us to "prove ourselves."

He also recalled that Wasmosy "always successfully managed the Armed Forces by demonstrating his authority and capability during difficult moments and times of crisis, which also existed." His address came during the ceremony in which he handed of the post of commander of the Military Forces. Although he acknowledged the delicate moments within the Armed Forces, Gonzalez Petit made it clear that they were moments that served to "prove ourselves. Once overcome, our spirit, confidence, and loyalty to the chief were strengthened." It will be recalled that during December, Wasmosy overruled an order by Lino Oviedo to transfer General Carlos Ayala Gonzalez, command of the 1st Infantry Division, to Lagerenza, Chaco. Wasmosy decided that Ayala Gonzalez should remain at the head of the 1st Infantry Division, which he retains today. Ayala Gonzalez was present during yesterday's military ceremony.

The transfer ceremony was presided over by the chief of state, who installed Division General Silvio Rafael Noguera as the new commander of the Military Forces. Noguera replaces Gonzalez Petit. Installing Noguera, Wasmosy urged the military to obey the new commander "in everything that he orders for the good of the service, to comply with military rules and regulations, and to comply with the laws of the nation."

### List of Retired Armed Forces Officers Released

*PY0602165495 Asuncion NOTICIAS in Spanish 4 Feb 95 p 4*

[FBIS Translated Excerpt] The officers that have gone into retirement are as follows:

A. Combat.
Division General Pedro C. Ocampos.
Air Force Division General Jose Cespedes Zarza.
Vice Admiral Eduardo Gonzalez Petit.
Division General Favio Evelio Benitez.
Division General Iran Antonio Centurion.
Brigadier General Adalberto Fleitas.

B. Services.
Brigadier General Lorenzo Morel
Brigadier General Manuel Miranda Fernandez. [passage omitted]

## Peru

### Goldenberg: Peru To Uphold Stand Before Any Forum

*PY0602130995 Lima Radio Programas del Peru Network in Spanish 1030 GMT 6 Feb 95*

[FBIS Translated Text] Peruvian Foreign Minister Efrain Goldenberg said Peru can uphold its theory against Ecuador before any forum because international law is on Peru's side and will defend it.

Goldenberg said there is no reason to fear forums like the OAS because the invitation by this organization falls within the framework of the Rio de Janeiro Protocol and the validity of the role played by the guarantor countries.

Goldenberg emphasized that Peru is in the right, that it has the legal tools that endorse its position, and the necessary means to defend its sovereignty.

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### Vice Minister To Continue Peace Efforts in Brasilia

*PY0702115895 Lima Radio Programas del Peru Network in Spanish 1000 GMT 7 Feb 95*

[FBIS Translated Text] Part of the Peruvian Foreign Ministry delegation to Brazil, which is headed by Vice Foreign Minister Eduardo Ponce Vivanco, returned to Peru today. The Peruvian representatives attended the meeting of the Rio de Janeiro Protocol guarantor countries.

One of the delegation. Jose Antonio Arrospide, chief of the Peruvian Foreign Ministry cabinet, said he will meet with Peruvian Foreign Minister Efrain Goldenberg today to give him a detailed account of the Rio de Janeiro meetings.

Arrospide also confirmed that Vice Foreign Minister Eduardo Ponce traveled to Brasilia to continue, with Brazilian Vice Foreign Minister Sebastiao do Rego Barros, the search for an outcome to the armed conflict with Ecuador within the framework of the guarantor countries' mechanisms.

Upon his arrival in Jorge Chaves airport, Ambassador Arrospide refused to comment until he meets today with Minister Goldenberg.

[Begin recording] [Arrospide] Unfortunately I cannot make any comments until I meet with [words indistinct]

I am not the head of the delegation, it is headed by Ponce and he is not here.

[Unidentified reporter] Has he not arrived?

[Arrospide] He has not arrived yet.

[Reporter] When will he arrive?

[Arrospide] I do not know, probably the day after tomorrow.

[Reporter] Has he gone to Brasilia or is he still in Rio de Janeiro?

[Arrospide] I think he is on his way to Brasilia. [end recording]

### Fujimori Returns From Conflict Zone

*PY0602162495 Lima Radio Programas del Peru Network in Spanish 1604 GMT 6 Feb 95*

[FBIS Translated Text] Peruvian President Alberto Fujimori's agenda here at Government House is still blank following his visit to the conflict zone yesterday.

According to information obtained here at Government House, the president of the Republic may now work alone and then go to the Army headquarters in San Borja to assess the latest developments. We will have more information later.

### Meets With Military

*PY0602230095 Lima Radio Programas del Peru Network in Spanish 2224 GMT 6 Feb 95*

[Report by Patricia Echegaray from Government House—live]

[FBIS Translated Text] This is a report from Government House, where information is being kept rather confidential. It is known, however, that President Alberto Fujimori is meeting with military leaders, who entered Government House through the presidential residence. This shows the secrecy of the meeting, because normally the official vehicles enter the building through the gate in front of the parade ground. No official report has yet been released either confirming or denying that the Tihuinza military post has been recovered by the Peruvian Army.

General Nicolas de Bari Hermoza has not yet come to Government House, nor are the National Defense Council or the Council of Ministers meeting here. Foreign Minister Efrain Goldenberg is also not here. It is therefore believed that this afternoon all the information is being received by telephone. We will continue our coverage from Government House to be able to report any official information on the border conflict.

### TV Reporter: Last Ecuadoran Base Captured

*PY0602204795 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1959 GMT 6 Feb 95*

[FBIS Translated Text] Lima, 6 Feb (AFP-NA)—A television station correspondent assigned to the military base in Ciro Alegria reported today that the last Ecuadoran base of resistance, Tihuinza, over which Peruvian and Ecuadoran forces have been holding a "bloody" battle for three days, "fell into the hands" of Peruvian troops at noon today.

The correspondent for Lima Channel 2 television said that the information was provided by an officer at the military base, and that air and ground attacks were used in the final assault on the post, which put up harsh resistance.

The correspondent did not give any details of casualties in the attack.

The base is located near the theater of operations in the Condor Mountain Range.

### 'Intensification' of Clashes on Border Reported

*PY0702132695 Lima Radio Programas del Peru Network in Spanish 1215 GMT 7 Feb 95*

[Report by Radio Programas special correspondent in Quito Jose Marino with unidentified station announcer—live]

[FBIS Translated Excerpt] [Announcer] We will begin our newscast with a report by Jose Marino, our special correspondent in Quito. The Ecuadoran Government has stated that it has not rejected the proposal for a cease-fire with Peru made by the guarantor countries—Argentina, Brazil, Chile, and the United States—in Rio de Janeiro, but that it is assessing it. Good morning, Jose. It is 0713 in Peru. What news do you have for us.

[Marino] Good morning, Peru. It is the same time in Lima and Quito. The Ecuadoran Government has stated that it

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has not rejected the document proposing a cease-fire, that it is assessing some changes that will allow the implementation of a cease-fire.

President Sixto Duran-Ballen is scheduled to return in the next few hours. He will allegedly confirm that diplomatic negotiations continue at another level. Ecuador insists on involving the OAS in these negotiations.

[Announcer] There is talk about an intensification of clashes in Tihuinza. What news do you have about it in Quito?

[Marino] Well, here in Quito it has been announced that fighting between Peruvian and Ecuadoran soldiers increased yesterday afternoon. The clashes took place in the sector between the Cenepa River waterhead and the Condor Mountain Range where, according to information here, the Peruvian forces are attacking Ecuadoran military bases. The attacks were centered on military bases and troops stationed in Cueva de los Tayos, Base Sur, and Tihuinza. So far reports talk of 10 deaths and 17 seriously wounded soldiers. Ecuador insists that those military detachments are in Ecuadoran territory, while the Rio de Janeiro Protocol states they are in Peruvian territory.

[Announcer] Thank you very much for your report. President Sixto Duran-Ballen, who visited Brazil, Chile, and Argentina where he met with the chiefs of states of those countries to explain his theory on the current armed conflict with Peru, is expected back in Quito at any moment. [passage on unrelated]

### Intelligence Sources Report Ecuadoran Arms Purchases

*PY0702143995 Lima EL COMERCIO in Spanish 3 Feb 95 p A20*

[FBIS Translated Text] Since the week beginning 23 January, Ecuador has been busily negotiating abroad the urgent purchase of arms and ammunition to supply its troops fighting Peruvian forces in the Condor Mountain Range.

Peruvian intelligence services have detected hurried trips and negotiations by Ecuadoran envoys to various countries, and of foreign arms dealers with contacts in Ecuador.

Intelligence reports available to EL COMERCIO indicate that the Ecuadoran Army has already placed an order in the United States for 15 million rounds of SS109 5.59 caliber ammunition for the rifles used by the Ecuadoran infantry. Ecuador is also buying 1 million 0.50-caliber cartridges for light weapons.

Ecuador also wants to purchase ammunition for its heavy weapons: 1,000 81-mm mortar grenades; 1,000 M-38 60-mm mortar grenades; and 1,000 M-61 60-mm mortar grenades.

The intelligence services also found out that Ecuador is trying to purchase 30 81-mm and 60-mm mortars of which 10 should be of the type used by commandos.

Ecuador is also interested in 3,000 fragmentation grenades and 4,000 LAW (Light Antitank Weapon) grenades which will be used along the coast should the conflict spread beyond the Condor Mountain Range.

It appears that, in response to requests from the Ecuadoran military, the Ecuadoran Army has been receiving materiel quotations from foreign arms dealers.

Quotations have been received for 20-mm ammunition, 3A jackets, 7.62 mm ammunition for FAL's [Light Automatic Rifles], M-90 rockets, antitank grenades, rocket launchers, and Kamov Ka-50 [as published] and Ka-32 Russian-made helicopter gunships.

### Experts Concerned Over Economic Impact of War

*PY0702011295 Madrid EFE in Spanish 1724 GMT 6 Feb 95*

[FBIS Translated Text] Lima, 6 Feb (EFE)—Peruvian economists today said that in the first eight days of the military conflict with Ecuador, Peru has spent $100 million on troops and weapon mobilization alone, and this cost is increasing day by day.

According to estimates by economist Jorge Gonzalez Izquierdo, if the Peruvian-Ecuadoran conflict continues the expenses of the Army, Navy, and Air Force could be very high.

The dean of the Peruvian College of Economists, Gonzalez Izquierdo, based his estimates on a study made by the Lima University of the Pacific on military spending in the country.

He said war expenses are probably being paid with the surplus that is normally obtained during the first half of the year, and that "by mid-1995, the national economy will feel the losses caused by these expenditures."

The government "will have to tighten its belt by mid-1995, or increase taxes to compensate for military expenses, as Ecuador is doing now," Gonzalez Izquierdo said.

He said that the $100 million he mentioned "is the direct cost," while another factor has been an 8 percent fall in the Lima stock exchange last week, meaning a loss of $300 to $400 million, but which is nonetheless recoverable.

The conflict, he said, might lead the government to readjust its program, increasing the dollar price, which has remained unchanged.

The economic newspaper GESTION reported "that weapons manufacturers could become interested in the suffering people of Peru," recalling the great human and economic sacrifice that the country made in the war against subversion, which caused 30,000 victims and infrastructure losses worth $20 billion.

On 3 February economist Manuel Romero Caro, director of GESTION, said that the economic losses sustained by Peru and Ecuador because of their military conflict will affect Ecuador in particular.

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Romero Caro said that one of the economic objectives that Ecuador has set for 1995 is "to cover an average of four months of goods and services imports with its international reserves."

Peru can cover 15 months of imports, "which gives us a broad advantage over Ecuador," he noted.

"In view of this, Ecuadoreans must aware of their weakness in this field," he concluded.

Peruvian economist Guillermo Castaneda, former president of the Latin American Reserve Fund (FLAR), said that the Peruvian economy is sound enough "to back military expenses without printing money without backing, a measure that causes inflation."

Castaneda believes that "there is panic on the Ecuadoran side because of the constant danger of inflation because of the increase in the inter-bank interest rates."

He added that Ecuadoran President Sixto Duran-Ballen has two internal enemies: one, the Armed Forces, which do not want to lose their economic advantages; and two, the traditional political class, which from Congress has impeded the modernization of the country.

Jorge Muniz, former president of the Peruvian Intellectual Property Rights Institute, believes the border conflict "will cause cautiousness among investors in Latin America, while both Peru and Ecuador will be harmed from a commercial viewpoint."

### Reports of 'Discrimination' Against International Media

*PY0602161995 Madrid EFE in Spanish 0244 GMT 6 Feb 95*

[FBIS Translated Text] Lima, 5 Feb (EFE)—The Foreign Journalists Association in Peru (APEP) today complained about what they consider an "inexplicable discrimination" by Peruvian authorities against its members in fulfilling their duty to inform.

In a communique issued in Lima, the APEP states that right from the start of the Peruvian and Ecuadoran war the international media "has been repeatedly ignored," even though since the clashes started its members "have tried, by all means through the highest ranking authorities," to obtain accurate and timely information and to visit the conflict zone.

The APEP says its members have been excluded from meetings between Peruvian President Alberto Fujimori with the directors of the Peruvian media and of the trip today to the theater of operations.

The communique also states that on Saturday, 5 February, the international media was invited by the Armed Forces Joint Command to travel to the Ecuadoran border where fighting is under way, but the trip was canceled shortly before leaving.

The communique states that this discrimination prevents foreign journalists from doing their job of informing, which "generates a campaign to discredit the international media which the APEP flatly rejects."

The APEP communique ends by urging President Fujimori; General Nicolas de Bari Hermoza, the president of the Armed Forces joint command; and Prime and Foreign Minister Efrain Goldenberg "to allow foreign journalists access to first-hand information and to travel to the conflict zone."

## Uruguay

### President-Elect Plans To Replace Armed Forces Chiefs

*PY0302151795 Montevideo LA MANANA in Spanish 20 Jan 95 p 1*

[FBIS Translated Text] Sources close to the future chief of state have told LA MANANA that President-elect Julio Maria Sanguinetti will replace the commanders in chief of the Army, Navy, and Air Force as soon as he occupies the presidency on 1 March.

Sanguinetti informed President Luis Alberto Lacalle that he was going to replace the commanders in chief. The incoming and outgoing presidents also agreed on the mechanism that will be used to promote future high-ranking officers, in accordance with the report of the Qualification Boards of the three forces.

The confirmation about the replacements came immediately after it became known that some high-ranking military officers such as Lieutenant General Daniel Garcia made it known that they were willing to remain in their posts if there was no express decision to replace them in advance by the new president. In accordance with the Military Organic Law, Garcia could continue in his post as Army commander in chief until February 1996.

Batllista Forum sources have stated that General Juan Carlos Curutchet, currently commander of the 2d Army Division, will be the new commander in chief of the Army; Rear Admiral Raul Risso will replace James Coates as commander in chief of the Navy; and the current Air Force attache in the embassy in Washington [General Mario Aguerrondo] will replace the current commander in chief of the Air Force [Brigadier General Raul Sampedro].

According to the sources, Sanguinetti has informed Lacalle about these moves in the leadership of the Armed Forces, and the matter is being handled in perfect harmony, to the point that future promotions will be made by agreement between them.

### Army Commander in Chief Interviewed

*PY0302130495 Montevideo EL PAIS in Spanish 22 Jan 95 Sunday Supplement p 2*

["Exclusive" interview with Lieutenant General Daniel Eduardo Garcia Silva, Army commander in chief, by Antonio Alvarez at his office in Montevideo; date not given]

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[FBIS Translated Excerpt] [passage omitted] [Alvarez] Many military observers agree you are not a "typical" military chief. They say you make "unexpected" decisions. How do you see yourself?

[Garcia] I feel my decisions are quite responsible. I ponder on my decision with the same enthusiasm as when I look after my personal interests. I believe you must be as good as possible, no matter the task you must fulfill. I will maintain this attitude even if I am given a broom and told to sweep the floor. I must do my best, in quality as well as in speed. I would say this the key of the entire matter.

[Alvarez] Did you ever believe you would reach the highest rank in the military hierarchy?

[Garcia] The most probable thing in our career is to reach the rank of colonel. I never thought I would ever become a general, less still to become the Army commander. I have been very lucky, I know that. I remember with affection each position I had in my career. I had a very difficult time when I was assigned to the Military Hospital. It affected me to be so close to human pain. My decisions influenced patients and I felt a lot of pressure because of it. My assignment lasted 14 months, but it was the only job that gave me ulcers. I have always admired the courage and integrity of those who work in the health services.

[Alvarez] Were you surprised by your designation as Army commander? You were first in the list of seniority.

[Garcia] Correct, but it did not have to necessarily be that way. I was surprised by the president's trust when he appointed me, especially because of the situation we were going through at the time. I accepted the risk without fear. I had to implement very harsh measures to establish order in the institution and discipline its members. My mission was to reestablish full respect for the chain of command and I think I have been successful. At the time I believed the Army needed to adjust its behavior to the Constitution and the laws of the Uruguayan democratic system.

[Alvarez] Was it difficult to reestablish order at a moment so full of passion as when you took over?

[Garcia] We urgently needed to reestablish order in the institution, but it was not a difficult task. I thought the situation had to be straightened out rapidly. Why? Because it was clear to me that the military issue and the Army issue should not be an electoral campaign issue. It should not be an issue for the population or our political leaders. The country needed to give all its attention to real problems like the political parties reform. We wanted the population to choose calmly and with freedom. We wanted the Army to fulfill its traditional role of guaranteeing the democratic process.

[Alvarez] How did high-ranking officers react when you took control of the situation?

[Garcia] Look, we all know each other very well, and have done so for a long time. The generals know me. We almost do not need to talk to understand each other. I received great cooperation, even when there was disagreement. There are disagreements in the Army, believe it or not. It is part of human nature, and the military are also human. I took control of the situation, issuing concrete orders on what could and what could not be done in any situation. We dealt with those showing a level of behavior that, in my opinion, was inappropriate for the Army.

[Alvarez] You are heading a new political period for the Armed Forces. You must have heard about "reorganizing" and "restructuring" the Armed Forces many times. From the inside, how do you view the debate?

[Garcia] Self-criticism and permanent evaluation have been going on for a long time. It is nothing new. We believe it is most important to evaluate the situation from the viewpoint of equipment, the training of personnel, etc. I have heard, as you say, talk of "restructuring" and "reorganizing." Matters must be called by their name. Many people talk about it without having an exact idea of the concepts involved. All topics should be debated in a free country, but I believe here we have many prejudiced opinions. Many people ask why we need an Armed Forces if Uruguay is not at war? In my opinion this is very shortsighted.

[Alvarez] Are you saying there could be a war?

[Garcia] No, no I am not saying that. But some people forget that the Armed Forces in general, and the Army in particular, existed before the creation of our country and—in one way or another—had a lot to do with our independence struggles. Every time there is a crisis, be it a war or a catastrophe, there is always an immense need for the Armed Forces. When this type of situation arises we hear the people clamoring for the Army. Lamentably they only remember us in times of need. I always say the military are like automobile insurance; when paying the premium we consider it costly, but in times of an accident we are very thankful for having it. The Armed Forces are a type of insurance that society has for times of crisis. I believe society, as in the example of the automobile, can contract many types of insurance. It all depends on how much it wants to spend. We can have an insurance policy against third parties, or one with the bare minimum of cover. It all depends on the model one wants.

[Alvarez] Then, we should not talk about reorganization.

[Garcia] All these opinions are based on disinformation, many times on malevolent disinformation. "Restructuring" can mean a decrease or an increase in personnel. When you talk about it you are suggesting that the people just want a decrease in personnel or simply to make the Army disappear. The problem is that no one has had the courage to say something along those lines. Thus, the words used are nothing but an elegant wrapper. Those who think in this way are prejudiced and lack courage. I believe there is nothing wrong with being against something, but it should be clearly stated. I am happy that society is debating the topic because it means our institution is in the forefront. On the other hand I am always very unhappy when I hear hurried conclusions about the military problem being aired. When one speaks about the institutions that founded the

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country one must be very careful, a lot of prudence is needed. We are evaluating our internal situation with the president and with the defense minister. It could take years or months. The person who takes it on and studies it must do so without prejudice.

[Alvarez] How are your relations, your personal relations, with President Lacalle?

[Garcia] It is more than enough to say that there is a very close cooperation between us. I knew him as a citizen. I have had no previous dealings with him. Meetings with the president are not very frequent. We see each other every now and again. I have a very particular overview of how my job must be undertaken. My post enjoys the president's particular confidence. My function is to help him, to resolve problems and leave him free to look after more important matters that must be resolved by him, because his time is extremely valuable and tremendously scarce. I do not go and greet him just say: Hello Mr. President, how are you? I only go and consult him on important matters.

[Alvarez] And, the new government? What are your expectations?

[Garcia] I believe everything is in very good shape. I will continue to serve the country. My expectations continue unchanged. Upon being replaced I will to dedicate myself to rural tasks. My project is very simple and I must confess that I have had it very clear in my mind for a long time. This is a post of confidence, and it is very clear that the next step is retirement and to start another life.

[Alvarez] Are you ready to go home?

[Garcia] Yes, of course. I confess that I have had this matter very clear in my mind for the last 10 years. When I reached 30 years of service I came to understand that at any time I would have to start thinking about a new life. I always have my suitcases ready and a free soul because I have fulfilled my job. Throughout my career I never thought of using my military position to catapult myself into any political position. I have only society, of which I am a part, to rejoin. Returning to the source does not bother me.

## Effect of Mexican Crisis on Local Market Examined

*PY0302165895 Montevideo LA MANANA in Spanish 30 Jan 95 p 4*

[Editorial: "The 'Tequila' Effect on the Financial Market"]

[FBIS Translated Text] The financial earthquake in Mexico—which began with the devaluation of its currency—has rebounded throughout the country, affecting stock markets and quotations of many external papers of many countries, increasing risk elements, and multiplying interest rates.

The Mexican crisis, or the "tequila" effect, shows how far the so-called globalization of financial flows and the interdependence of economies have gone. The rescue operation today ceased to be a strictly national problem when it was submitted very bluntly to no less than the U.S. President to Congress and the Federal Reserve.

These observations must remind us of the reactions that this phenomenon caused on the local market, where there were practically no surprises on the stock market (although our operations are minimal in regional terms) nor with our debt papers. At the very best there has been an entry of capital seeking refuge in our banking system.

This speaks well of the strength of our banking and financial systems, an achievement that is not partisan but which is the patient work of generations and based on a simple, clear-cut, equation: Uruguay never unilaterally stopped honoring its international commitments—neither capital or interest—and its banking system offers all the necessary guarantees pertaining to secrecy and free movement, as guaranteed by our legal system. Some doubts remain, however, over some loans that have benefited from pernicious and successive refinancing (questioning property rights), a stage that we seem to be overcoming (which is psychologically sound) because even the banking sector denounced them over their negative incidence on operational costs and active interest rates.

Then we have the leftist political forces, which at one time fully supported extreme state control or candid remedies. They also quickly changed their tune when they finally awoke to the magnitude and importance the sector has acquired for the country, for the banking sector, and as a barometer of stability in a region where it seems such a status—so appreciated by capital—has not long to live.

We have no wish to make a comparative judgment—and much less highlight the troubles of others—but we wish to underline a privileged situation that has been achieved over the years. We find ourselves with a healthy recognition of reality in a financial market that, guided by successive intelligent and prudent leaders and by a permanent policy, has attracted investments that have helped us to auction bonds without surprises and at reasonably acceptable interest rates.

The longer the U.S. support to Mexico is delayed, the greater the uncertainties and difficulties for the region's economies. Activity in Uruguay will not continue to go unharmed by those difficulties. Without discounting the fact that the assistance basically seeks to prop up Mexico's public debt, nothing is being said about the deposits in the Mexican banking sector, where another earthquake could easily erupt due to a lack of confidence or by the transfer of papers to more solid markets with better guarantees, thus making interest rates uncontrollable.

But, even with these extreme scenarios—which we believe will not occur—Uruguay has offered more than sufficient proof that it respects the rules of the game, legal security, that it strictly complies with its commitments, and that it knows how to resist speculative and unknown temptations regarding the basic norms of the functioning of an economy. We are naturally conservative, with predictable policies that evince a reasonable equilibrium in our

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external and fiscal accounts, which are also bases upon which the confidence of financial market investors have been built.

## Venezuela

### Foreign Minister Reiterates Call for OAS Meeting on Dispute

*PA0702031295 Hamburg DPA in Spanish 2210 GMT 6 Feb 95*

[FBIS Translated Text] Caracas, 6 Feb (DPA)—Venezuelan Foreign Minister Miguel Burelli Rivas today insisted on sending an international technical mission to evaluate the situation in the conflict between Peru and Ecuador, and he asked that the OAS Ministerial Council meet "as soon as possible."

In remarks in Caracas, Burelli Rivas commented on the failure of the negotiations being held by the Rio Protocol guarantor countries (the United States, Argentina, Brazil, and Chile) in Rio de Janeiro and insisted that the foreign ministers' meeting requested by Ecuador be urgently held at OAS Headquarters in Washington.

In the opinion of Burelli Rivas, the proposal that the Bolivarian presidents (Colombia, Venezuela, Panama, and Bolivia) made on Friday [3 February] to send a technical mission to the border should now be discussed at the OAS. By sending a technical mission, he said, "objective information" about the armed border dispute in the Amazon region will be obtained.

The Venezuelan minister noted that the OAS has approved Quito's request to open a debate at the OAS on the confrontation. "The OAS approved the meeting without setting a date.... We believe this is the time to set a date, given that the meeting of guarantor countries has concluded without results," he added.

Burelli Rivas admitted that Uruguay would be a good site for the meeting, but that because of problems of flight connections and the urgency of the meeting, the meeting should be held at OAS Headquarters in Washington "as soon as possible."

### Finance Minister Presents 'Irrevocable' Resignation

*PA0602192895 Mexico City NOTIMEX in Spanish 1844 GMT 6 Feb 95*

[FBIS Translated Text] Caracas, 6 Feb (NOTIMEX)—Venezuelan Finance Minister Julio Sosa presented his irrevocable resignation to President Rafael Caldera today, a decision he said was due to health problems, official sources reported today.

In a brief communique, spokesmen from Miraflores Palace announced that Sosa, one of the pillars of the nation's economic policy, has left the government.

Unofficial reports have stated Sosa will be replaced by Luis Matos Azocar, president of the Foreign Exchange Administration Board (JAC).

Sosa's possible resignation had been mentioned a few weeks ago when unofficial reports disclosed that Sosa's commitment with Caldera in that position was "for one year only."

It is believed Sosa will resume his normal activities as a banker, given he is one of the main shareholders of Venezuelan Banco del Orinoco.

### Appointed to New Post; Replacement Named

*PA0702012795 Madrid EFE in Spanish 2124 GMT 6 Feb 95*

[FBIS Translated Text] Caracas, 6 Feb (EFE)—Government spokesman Guillermo Alvarez today announced that Venezuelan Finance Minister Julio Sosa has resigned and been appointed as new minister of state for economic issues, which will make him responsible for international economic affairs.

The government spokesman pointed out that President Rafael Caldera had designated Luis Raul Matos to replace the outgoing finance minister. Up until now, Matos has been coordinator of the Emergency Finance Board, as well as a member of the Central Bank of Venezuela.

Alvarez explained that the finance minister's resignation came about because of "personal reasons," and that he had been one of Caldera's main supporters ever since he was sworn in as president on February 1994.

The government spokesman explained that the new minister of state for economic issues will be responsible for taking the necessary steps, or negotiating, "economic issues of special interest associated with international organizations," as well as conducting Venezuela's economic relations abroad.

On the other hand, the new finance minister will be sworn in tomorrow at Miraflores Presidential Palace.

### Cantv To Provide Voice Mail, Internet Access

*95P20466A Caracas EL DIARIO DE CARACAS in Spanish 25 Jan 95 p 11*

[By Rosanna Fedele]

[FBIS Translated Text] Cantv, the Telephone Company of Venzuela, through its subsidiary Cantv Servicios, has set a goal for 1995 of providing mass access to the Internet in this country, as well as offering other value-added services such as voice mail.

Bernardo Beyer, the president of Cantv Servicios (a subsidiary that has existed for a year, although in operational terms it began its work six months ago), explained that they are trying to offer Venezuelans a connection with the so-called "information superhighway" without any limits as far as types of users, and thus to make Venezuela a competitive market in access to high technology, in addition to making the citizens' daily lives easier.

For 1995, basically Cantv Servicios will offer three value-added services: voice mail (reception of telephone messages

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when one is not there or when the line is busy), access to Infonet (an international data transmission network), and entry to the Internet.

"It can be said that voice mail (popularly called mail boxes) is aimed at small businesses and residential users. It works through the basic telephone network and will cost about 600 bolivares a month. The messages that are received can only be accessed by a code, which ensures the user's privacy, if he wants to have it." Beyer did not specify whether the cost for this service will be collected through the traditional Cantv telephone bill.

The company projects that by the end of 1995 it will have 30-50,000 voice mail users in the metropolitan area, where this service will initially be marketed. It must be pointed out that the voice mail service will be available only in places where there are digital lines.

Regarding Infonet, the natural demand for this kind of service is in the multinational companies and local export companies, since it is an international data transmission network. Specifically, the connection with Infonet will be through Venexpaq, which is the national data transmission network Cantv also operates.

The Internet, by its very nature, is for anyone and any variety of information requests. The usage cost will vary depending on the user and the amount of information accessed. "For the second quarter of this year we hope to have access to the Internet for everyone."

Regarding this last point, Cantv has formed a strategic association with Sun Microsystems and Softech (a Sun distributor), both companies in the computer sector. It should be noted that 56 percent of the servers for connection with the Internet worldwide are from Sun, followed by DEC, Hewlett Packard, IBM, and other providers. In addition to the servers, Sun and Softech will give support for the know-how for Venezuela's entry onto the information superhighway, given their experience in this regard. Sun manager Eduardo Murguia comments: "Venezuela is one of the first countries where we are starting this kind of project. Only in Chile do we have a server to access the Internet, where everyone can connect, and it is known as Sunsite."

Murguia adds that Venezuela was chosen because it already has "a few examples" of networks similar to the Internet like Compuserve, America OnLine, or institutions with their own servers and internal networks, such as Conicit [National Council for Scientific and Technological Research] and Venezuelan Petroleum.

Cantv Servicios has initial capital of 50 million bolivares and an investment budget of about 400 million bolivares for this year. Beyer states: "Venezuelans are not afraid of technology; according to our market studies, there is a demand for value-added services and a willingness to pay for them."

As for whether they will receive the relevant permits to offer these services (except for Infonet, which does not require this step) from the National Telecommunications Council (Conatel), Beyer says that that agency's new authorities are studying the matter. It must be remembered that Conatel recently denied Cantv permission to provide cable television services.

## Coup Leader Ortiz Contreras Dies in Traffic Accident

*95P20465A Caracas EL DIARIO DE CARACAS in Spanish 21 Jan 95 p 19*

[FBIS Translated Text] Lieutenant Colonel (retired) Jesus Ortiz Contreras, one of the five commanders who led the 4 February 1992 coup attempt against the Carlos Andres Perez government, died in a traffic accident in Paris early Thursday morning [19 January].

Ortiz, who was working as the deputy director of the Mother-Child Food Program (PAMI), had traveled to France with Captain Raul Valderrama, also a PAMI official, and Marco Tulio Inestroza Pocaterra, an executive of a company advising the PAMI, to negotiate the purchase of milk for that social aid program.

Inestroza was also killed, while Valderrama was seriously injured in the collision.

Ortiz, age 40, was a member of the MBR 200 [Bolivarian Revolutionary 200 Movement], which is headed by retired commander Hugo Chavez Frias. During the February rebellion, Ortiz commanded the Leonardo Chirinos Battalion in Aragua State and was arrested and tried along with the other rebel officers.

When President Rafael Caldera amnestied all those involved in the military uprising, ordering their legal cases dismissed in exchange for the movement's leaders' resignation from the army, Ortiz was released. At that time he had distanced himself from the group led by Chavez, since he did not share in that movement's political activities. Shortly thereafter, Caldera offered the leadership of PAMI to retired commander Francisco Arias Cardenas, the ideologue of the rebellion, a post which he accepted and then appointed Ortiz as PAMI deputy director.

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